National Library of Canada
Bibliothèque nationale du Canada

Canadian Theses Service
Service des thèses canadiennes

Ottawa, Canada
K1A 0N4

NOTICE

The quality of this microform is heavily dependent upon the quality of the original thesis submitted for microfilming. Every effort has been made to ensure the highest quality of reproduction possible.

If pages are missing, contact the university which granted the degree.

Some pages may have indistinct print especially if the original pages were typed with a poor typewriter ribbon or if the university sent us an inferior photocopy.

Reproduction in full or in part of this microform is governed by the Canadian Copyright Act, R.S.C. 1970, c. C-30, and subsequent amendments.

AVIS

La qualité de cette microforme dépend grandement de la qualité de la thèse soumise au microfilmage. Nous avons tout fait pour assurer une qualité supérieure de reproduction.

S'il manque des pages, veuillez communiquer avec l'université qui a conféré le grade.

La qualité d'impression de certaines pages peut laisser à désirer, surtout si les pages originales ont été dactylographiées à l'aide d'un ruban usé ou si l'université nous a fait parvenir une photocopie de qualité inférieure.

La reproduction, même partielle, de cette microforme est soumise à la Loi canadienne sur le droit d'auteur, SRC 1970, c. C-30, et ses amendements subséquents.

NL-339 (r. 88/04) c

Canada

UNIVERSITY OF ALBERTA

EDUCATION AND TRAINING IN THE INFORMAL SECTOR: THE CASE OF MEXICO CITY

By

© ARTURO SAENZ

A THESIS
SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE
OF DOCTOR OF PHILOSOPHY

IN

INTERNATIONAL/INTERCULTURAL EDUCATION

DEPARTMENT OF EDUCATIONAL FOUNDATIONS

EDMONTON, ALBERTA
FALL 1991

National Library
of Canada

Canadian Theses Service

Ottawa, Canada
K1A 0N4

Bibliothèque nationale
du Canada

Service des thèses canadiennes

The author has granted an irrevocable non-exclusive licence allowing the National Library of Canada to reproduce, loan, distribute or sell copies of his/her thesis by any means and in any form or format, making this thesis available to interested persons.

The author retains ownership of the copyright in his/her thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without his/her permission.

L'auteur a accordé une licence irrévocable et non exclusive permettant à la Bibliothèque nationale du Canada de reproduire, prêter, distribuer ou vendre des copies de sa thèse de quelque manière et sous quelque forme que ce soit pour mettre des exemplaires de cette thèse à la disposition des personnes intéressées.

L'auteur conserve la propriété du droit d'auteur qui protège sa thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.

ISBN 0-315-70015-7

Canada

UNIVERSITY OF ALBERTA

RELEASE FORM

NAME OF AUTHOR: ARTURO SAENZ

TITLE OF THESIS: EDUCATION AND TRAINING IN THE INFORMAL SECTOR: THE CASE OF MEXICO CITY.

DEGREE: DOCTOR OF PHILOSOPHY

YEAR THIS DEGREE GRANTED: 1991

Permission is hereby granted to the University of Alberta Library to reproduce single copies of this thesis and to lend or sell such copies for private, scholarly or scientific research purposes only.

The author reserves all other publication and other rights in association with the copyright in the thesis, and except hereinbefore provided neither the thesis nor any substantial portion thereof may be printed or otherwise reproduced in any material form whatever without the author's prior written permission.

Montserrat 57 Rinconada 3
Casa 5, Los Reyes, Coyoacán
04330 México, D.F.
MEXICO

Date: July 11, 1991

UNIVERSITY OF ALBERTA

FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance a thesis entitled "Education and Training in the Informal Sector: the Case of Mexico City", submitted by Arturo Sáenz in partial fulfillment of the requirements for the degree of Doctor of Philosophy in International/Intercultural Education.

Dr. Rajinder Pannu
Supervisor

James M Small

Dr. Jim Small

Dr. Larry Orton

Charles Nunn

Prof. Charles Nunn

Dr. Martin Carnoy

Allen Pea

Dr. Allen Pearson

Date: July 9/91

TO MY FAMILY:

MARGARITA
ENRIQUE
ANA MARIA AND
ERIKA

ABSTRACT

This study involved a theoretical and practical exploration of the Urban Informal Sector (UIS) in Mexico City. The focus of this study was three-fold:

1) To determine the general characteristics of different types of small productive UIS units within the metropolitan area of Mexico City;
2) to ascertain what educational factors contributed to economic success and better living standards of the UIS microunits members and
3) to propose possible educational and training strategies for promoting the economic and social development of the UIS's productive units in Mexico City.

Two research instruments were developed and used:

1) a questionnaire was given to 300 respondants in which the data obtained were used to describe the characteristics of the UIS in Mexico City and
2) a personal interview was conducted to obtain data that could be used to describe the social, educational and economic dynamics of the UIS.

The principal findings from the study were that:

1. The majority of the members were men between the ages of 25 and 49 and born in Mexico City - a finding which does not coincide with other UIS studies.

2. Most of the units were multiple-personnel, employing one or two wage-workers who worked on a non-contractual basis. There was a tendency towards self-employment and ownership of microenterprises, creating employment without following a capital accumulation dynamic.

3. This study showed that entrance barriers exist in the form of "mafias", involving the demand for bribes or quota payments, in contrast to previous studies which indicated that there were no barriers in the UIS.

4. The average schooling attained was at least of a completed elementary level, contrary to previous studies in which UIS members had lower levels of schooling or were illiterate.

5. Those UIS members with higher levels of education appreciated the effectiveness of formal training more than those with lower levels, calling into question the need for attracting the latter into the benefit of training.

6. Most UIS members acquired their trade on the job and were capable of working in at least one, if not two, trades.

7. Members of the UIS tended to remain in their jobs for longer periods, discrediting the myth that the UIS is transitory and unstable.

From these and other findings obtained in the study, a proposal for an educational model applicable to the UIS was described in Chapter Five.

ACKNOWLEDGEMENTS

I wish to acknowledge the continuous cooperation provided by my supervisor, Dr. Raj Pannu, during my work on this thesis. I also want to thank Dr. Carlos Torres for his personal support and initial inspiration.

Further appreciation is extended to the members of my supervisory committee, Dr. J. Small, Dr. L. Orton, Dr. A. Pearson, Dr. M. Carnoy and Professor Charles Nunn for their guidance and advice.

I also wish to thank the Fundación para el Apoyo de la Comunidad and the Centro de Estudios Educativos for providing me with valuable financial and human resources to develop my research.

Finally, my gratitude to my friends Rodolfo Sánchez, Lisa Caouette, Ghislain Nava, Walter Kunkel and Raymundo Martínez, who generously helped me sometime or another, both materially and emotionally, throughout the elaborate process of this thesis, from the field work to its final revision.

TABLE OF CONTENTS

PAGE

LIST OF TABLES.. xiii

LIST OF FIGURES... xv

CHAPTER ONE: INTRODUCTION.............................. 1

A. Background to the Study................. 8

B. Objectives of the Study................. 13

C. Research Questions...................... 15

D. Thesis Organization..................... 16

E. Limitations............................. 17

CHAPTER TWO: EDUCATION AND THE URBAN INFORMAL SECTOR IN THE CONTEXT OF THE LABOUR MARKET SEGMENTATION THEORY..................... 21

Introduction................................ 21

Part I : The Informal Sector: A Theoretical Perspective............ 22

A. The Structural Interpretation or the Latin American Version of the International Labour Office................................. 27

- Paradigm of Benign Relationships...................... 28
- Paradigm of Relationships of Subordination.................... 29

B. The Neo-Marxist Interpretation or Dependency Theory Perspective........ 32

C. The Populist Approach 36

D. The Neo-Liberal or Legal Administrative Approach................. 38

Part II : Theories of Labour Market............................ 40

PAGE

- Human Capital Theory................ 42

A. Orthodox Economic Theory 41

B. The Labour Market Segmentation Theory.......................... 48

- The Dual Labour Market Position............................ 49
- The Fragmented Labour Market Approach..................... 50
- The Radical Labour Market Position............................ 53

D. The Labour Segmentation Theory in Latin America........................ 56

Part III: The Theoretical Debate on Educational Structures: A Review.......................... 58

Part IV: The Impact of the Theory of Labour Market Segmentation on the Educational Planning......... 70

Part V: A Framework for Analysis: Towards a Typology for Understanding the UIS in Mexico City...................... 79

Summary 84

CHAPTER THREE: RESEARCH DESIGN........................... 90

Introduction.. 90

Part I : Data Collection Methods........... 95

A. The Questionnaire 96

- Design of the questionnaire......... 96
- Selection of the sample............. 99
- Gathering of the data............. 106

PAGE

B. The In-Depth Interview.................. 108

- Design of the interview........... 108
- Selection of sample 109
- Administration of the interview 110

Part II : Data Analysis Methods........... 111

CHAPTER FOUR: ANALYSIS OF THE DATA................. 113

Introduction.................................. 113

Part I : General Characteristics of the UIS in Mexico City.................. 113

A. The Main Sociodemographic, Educational and Economic Features of the UIS in Mexico City 114

B. Further Descriptors of the UIS........ 141

Summary of Part I 160

Part II : Life and Work in the Informal Sector in Mexico City.................. 162

A. Who are the Members of the Informal Sector?......................... 163

B. The Labour History of the Informal Sector......................... 176

- Occupations and Trades........... 176
- Communal Solidarity or Capital accumulation?............. 181
- Towards the understanding of the path into the Informal Sector.................... 186

PAGE

C. The Teaching and Training Mechanisms of the Informal Sector 193

- Intentional informal learning processes 193
- Unintentional informal learning processes.............. 203

Summary of Part II 206

Part III: Some Implications for Informal Learning/Teaching Process in Education 207

CHAPTER FIVE: SUMMARY AND CONCLUSIONS............... 213

A. Summary of the Study 205

B. Revisiting the Research Questions 227

C. Recommendations for Future Research Studies of the UIS 243

BIBLIOGRAPHY 247

APPENDICES 264

Appendix 1: Glossary of terms............... 264

Appendix 2: Questionnaire 273

Appendix 3: Interview guide................. 284

LIST OF TABLES

TABLE 1: Percentage of questionnaires administered per region................ 102

TABLE 2: Type of Business of surveyed............. 104

TABLE 3: Business Category of surveyed............ 105

TABLE 4: Gender of surveyed....................... 106

TABLE 5: Place of Birth of surveyed............... 106

TABLE 6: UIS segments among the surveyed.......... 110

TABLE 7: Type of birthplace of surveyed........... 116

TABLE 8: Ability to read among surveyed........... 119

TABLE 9: Ability to write among surveyed.......... 119

TABLE 10: Business training of surveyed............ 122

TABLE 11: Number of surveyed possessing a trade.... 122

TABLE 12: Number of surveyed possessing previous trade................................... 122

TABLE 13: Number of trades possessed by surveyed... 125

TABLE 14: Comparison of trade to business.......... 125

TABLE 15: Perceptions of surveyed regarding studies versus economic success.................. 127

TABLE 16: Status of workers in businesses surveyed..131

TABLE 17: Type of contract possessed by workers in businesses surveyed.................. 132

TABLE 18: Medical benefits possessed by workers in businesses surveyed.................. 132

TABLE 19: Legal status of businesses surveyed...... 139

TABLE 20: Place where trade was learned by level of schooling attained.................... 142

TABLE 21: Desire to learn new techniques by level of schooling............................ 143

TABLE 22: Perception of economic situation by level of schooling attained.............. 144

TABLE 23: Previous business training by perception of economic situation..................... 146

TABLE 24: Perception of economic situation by previous trade learning.................. 147

TABLE 25: Level of schooling attained by length of operation of business.................... 148

TABLE 26: Length of operation of business by perception of economic situation.......... 149

TABLE 27: Length of operation of business by business category......................... 150

TABLE 28: Business category by previous business training................................. 151

TABLE 29: Business category by gender.............. 152

TABLE 30: Location of business by business category................................. 153

TABLE 31: Level of schooling attained by business category................................. 157

TABLE 32: Type of clients by business category.................................. 159

TABLE 33: Urban Informal Sector segments among the interviewees........................ 163

TABLE 34: Birthplace of the interviewed............ 164

TABLE 35: Birthplace and segments of interviewed... 164

TABLE 36: Gender of interviewed.................... 167

TABLE 37: Income of interviewed.................... 168

TABLE 38: Receipts, expenditures and profits by position in the job...................... 170

TABLE 39: Age of Interviewed....................... 174

TABLE 40: Ages by segments of interviewed.......... 174

LIST OF FIGURES

FIGURE 1: Human Capital Theory flowchart............ 46

FIGURE 2: Age of surveyed.......................... 115

FIGURE 3: Number of years living in Mexico City..... 117

FIGURE 4: Level of schooling attained by surveyed... 118

FIGURE 5: Reasons for leaving school............... 121

FIGURE 6: Place where trade was learned by surveyed.................................. 124

FIGURE 7: Recommendation for instruction in schools by surveyed....................... 126

FIGURE 8: Business categories of surveyed.......... 128

FIGURE 9: Business categories of surveyed by groups.................................... 130

FIGURE 10: Number of workers in businesses surveyed.................................. 131

FIGURE 11: Fixed asset investments of businesses surveyed.................................. 133

FIGURE 12: Type of clients of businesses surveyed.... 134

FIGURE 13: Perception of economic situation in businesses surveyed....................... 136

FIGURE 14: Savings of businesses surveyed........... 137

FIGURE 15: Length of operation of businesses surveyed.................................. 138

FIGURE 16: Urban Informal Sector pathway............ 192

CHAPTER ONE

INTRODUCTION

During the past fifteen years, a focal point in the literature on economic development of Third World Countries has been debate regarding the existence and significance of the Informal Sector as a segment of the economic system. This has given rise to some theoretical discussion of the real meaning of the concept "Informal Sector" and attempts to employ Third World situations to clarify this conceptualization.

From a political-administrative and practical perspective, the interest in the Informal Sector has focused on its possibilities for the promotion of new strategies for employment as a means to achieve development.[1] The tendency has been, according to Connolly (1985: 55), "to cluster a wide variety of phenomena (hidden, irregular, black, underground, etc.) under one category", and to name this cluster the "Informal Sector" and examine it in "its relation to the employment and labour conditions".

There are still many unresolved issues concerning the study of the Informal Sector. Some (Ferman, 1987) are related to its conceptualization[2] encompassing the disciplinary affiliation of the researchers, definitional approaches,[3] the lack of a generally accepted typology and explanatory issues. Other unresolved issues have dealt with the problem of systematically formulating and expressing an adequate methodology to study the Informal Sector. Still others are related to substantive research methods, techniques, funding and ones that have policy implications.[4]

---

[1] See, for example, Bawly, 1982; Mattera, 1985; Bromley, 1985; Ross and Usher, 1986; Alessandrini and Dallago, 1987; Feige, 1989.

Thus the so-called "Informal Sector" is identified on the basis of a set of criteria that does not necessarily correspond to one single conceptual framework. The Informal Sector can be described and characterized through attributes or features of the economically active population engaged in it such as low levels of productivity, lack of technical organization and training, lack of labour contracts, low salary levels, and so on. These features allow for empirical investigation of the Informal Sector. However, it should be emphasized that this form of study does not necessarily yield a comprehensive conceptualization of the Informal Sector.

---

[2] Ferman (1987) and Lautier (1988) have found more than 30 different terms for the same activities depending on what feature of the wider system they are related to and the theoretical position assumed by the researcher. So, it will depend whether they are a) qualitatively different from the conventional economic status (**informal, irregular, nonmarket, subsistence**); b) based on units rather than individuals (**domestic, household, neighbourhood, community, green**); c) separate (**parallel, second, dual**); d) oppositional (**alternative, counter**); e) peripheral (**marginal, gray, colored**); f) concealed from official records (**sunken, hidden, underground, subterranean, black, submerged, shadow, nonregistered, unrecorded, invisible, moonlight, twilight, unofficial, cash**) and g) inferior (**illegal, nether**).

[3] In one study carried out by the Georgia Institute of Technology (Neck, 1987: 8) 50 definitions were found regarding small enterprises in 75 countries.

[4] Namely, when government, which shapes informal sectors through public policies such as taxation, labour regulations, welfare and criminal justice is not included as an important participant.

The Informal Sector may thus be regarded a quasi-empirical conception giving rise to numerous theoretical approaches rather than a well-defined research program centred on specific scientific paradigm or methodology.

The notion of the "Urban Informal Sector" (UIS) was used for the first time in a report prepared by the International Labour Office (ILO) in Kenya (ILO, 1972). "Urban Informal Sector" referred to the informal economic activities undertaken by poor workers that not only generated income, but also promoted efficient economic growth. In the Kenyan report the main features of UIS were defined as follows:

a) the units[5] within it operate with low capital investments and operating capital per worker,

b) the work-force does not require either high training levels, or formal educational inputs,

c) their technical demands are minimal because their technology is simple and,

d) the tools they use are, generally, second-hand or obsolete.

---

[5] In this research study, the term "unit" will refer, not only to single-personnel microenterprises, but also to the characteristics and relationships of the owners in multiple-personnel microunits.

Consequently, these units yield low levels of productivity and generate an income that does not meet the basic needs of the owners or the person(s) working in them.

In Latin America, the concept of the UIS has been used principally by those economists linked to the Economic Commission for Latin America (ECLA) and to the International Labour Office (ILO). The main sources of information are in the works of the Programa Regional de Empleo para América Latina y el Caribe (PREALC, 1978), which asserts that the origin of the UIS discloses a direct link between the incapacity of the productive system to absorb the excessive labour supply generated by demographic growth and the rural-urban migrations.

The Informal Sector debate in Latin America is based on the dualist position assumed by the ILO and PREALC studies since the 1970s. The purpose of these studies was to recommend policies to Latin American governments which could solve unemployment. From this perspective the UIS is characterized by:

a) unstructured activities with low levels of capital,

b) use of old technology,

c) poor organization,

d) inability to accumulate capital,

e) absence of entrance barriers and

f) absence of a regular wage-worker system.

Despite the delineation of such attributes, the term continues to suffer from the lack of a conceptual anchor and has been treated, traditionally, as a residual concept (i.e., activities that cannot be classified as part of the formal sector of the economy due to their ambiguous nature). For this reason, many authors who discuss the Informal Sector tend to assign a different name to the situation, based on their theoretical and empirical perspective. This has resulted in a wide-spread, popular use of the concept as a means of referring to all situations that do not apply to the Formal Sector.

Raczynski (1977) has demonstrated how researchers have viewed the UIS as a "backward" sector that is inserted in the socioeconomic structure of Latin American countries as a consequence of the "style" of development adopted by them. Raczynski has found three main perspectives that have been used in Latin America for analyzing the UIS concept:

1) Some authors (Hart, 1973; Bhalla, 1973; Singer, 1976) have studied the UIS as a productive apparatus and consider it as a set of small distinct enterprises with specific similar characteristics of size, technology, human resources, insertion in the economy, capital investment, organization of the production, and relation to the State.

2) Others (ILO, 1972; Weeks, 1975; Souza and Tokman, 1976; Tokman, 1976; Mazudmar, 1976) consider this sector as a labour market segment and describe it as a distinct part of the economically active population. One of its main characteristics is its easy entry due to low requirements of human and physical capital. However, if owners and workers of microenterprises and some self-employment activities are included, there are certainly barriers of capital, skills, etc.

3) Finally, some economists (Pizarro, 1975, 1976; Villavicencio, 1976; Solari et al., 1976; PREALC, 1978) have studied the UIS from the income and welfare perspective and define it as the population segment that is below a certain basic standard of living, i.e., below the minimum salary.

More recently, however, (Haan, 1989) the most interesting results have been obtained from those approaches which define the Informal Sector as a segment of the labour market as well as a productive apparatus, because these approaches provide a more comprehensive understanding of the inner workings of the Informal Sector.

According to Cartaya (1987), based on Moser (1978), the debate about the Informal Sector has focused on the following five aspects or dimensions:

1) The labour segmented markets perspective. The

issue here is whether there are two economic sectors or a highly-segmented and heterogeneous labour market.

2) The capital accumulation capacity of the Informal Sector. Here the discussion is whether small enterprises have a capital accumulation dynamic and/or if they have the tendency to promote employment through solidarity networks instead.

3) The linkages between the formal and the Informal Sector. Another important issue is whether the Informal Sector is isolated from the formal sector or not. If they are related, what kind of relationship do they have; i.e., is it one of collaboration or of exploitation?

4) The reproductive capacity of the Informal Sector. Is there a tendency for productive units in the Informal Sector to become involuted or to expand and become incorporated into the formal sector as proposed by modernization theories?

5) Its capacity to absorb the labour supply. The problem here is to discover the mechanisms through which people are incorporated or attracted to the Informal Sector, as well as the incentives for becoming part of this sector.

These considerations do, in fact, constitute the beginning of the conceptualization of the Informal Sector.

This approach examines the forms of reproduction of the Informal Sector and questions the usefulness of the term "Informal Sector" as a means of understanding the phenomena of unemployment and underemployment. Yet, it proposes more clearly a new way of conceptualizing what the Informal Sector is; however, no answers have yet been found to define these conceptual issues at this level of generalization. In this regard, the debate as to what constitutes a clear and precise definition of the Informal Sector, still remains and will be discussed further in Chapter Two.

A. Background to the Study

Focusing on the case of Mexico during the last fifteen years, both independent and public institutions have been interested in promoting the UIS as a means of improving the living conditions of the families which form an integral part of it. Since 1975, the Ministry of Labour in Mexico (DGSPE, 1975) has been interested in this important sector of the population, mainly because of the polarized growth of the urban economy and the massive migration from rural areas to metropolitan zones such as Mexico City, Guadalajara and Monterrey.

The size of the population employed in the Urban Informal Sector in the metropolitan area of Mexico City was calculated

(1976)[6], to be 3,126,000. This represents 38.2% of the employed population of the geographical area under consideration, 55% of which were concentrated in commercial and service activities.

It is important to note that the metropolitan area under consideration encompasses 18.5% [7] of the total population of the country and that its population growth, during the decade 1970-1980, was at an annual rate of 2.5% (DDF, 1984) mainly as a result of internal migration.

The UIS has become more prominent since 1981, when the Mexican economy suffered a strong recession which resulted in weak, null or negative annual rates of growth. As well, unemployment rates tripled and real wages fell prey to a persistent inflationary process.

Exploratory studies have recently been carried out to measure the contribution that this sector makes to the Gross National Product. In the first place, there are some statistics given by the Centro de Estudios Económicos y Sociales del Sector Privado, A.C. (CEESP) which are associated with what is known as the "underground economy". The production of this economy constitutes "the Gross National Product that is not registered, or, is under-registered in official statistics, associated with a given level of fiscal obligations" (CEESP, 1987: 87).

---

[6] Statistics corresponding to 1970 appear in: Dirección General del Servicio Público del Empleo. Bases para una Política de Empleo hacia el sector Informal o Marginal Urbano. Those corresponding to 1976 are found in: Dirección de Empleo, La Ocupación Informal en Areas Urbanas; and Dirección del Empleo -UCECA. Caraterísticas de la Población Informal Urbana.

[7] According to 1990 Census the total population of Mexico is 81,140,922; the Metropolitan area has 14,987,051 and Mexico City 8,236,960 (INEGI, 1990).

It is also important to observe that this concept not only includes the activities of the Informal Sector, but also those carried out by some units belonging to the formal sector, i.e., those units, although registered, that evade paying taxes, which may be misrepresented in the statistics of the Gross National Product. It must also be mentioned that not all productive units that meet the characteristics of informality mentioned above correspond to the Informal Sector as just defined. In fact, some units, whose activities are not registered in official statistics, carry out illicit activities such as drug dealing.

According to these estimates, the "underground economy" contributes, on the average, 32% of the Gross National Product (CEESP, 1987: 38); but supportive, reliable data is not obtainable and have led observers to believe that this percentage overestimates the effective contribution of this sector. However, it must also be taken into account that these estimates are stated in order to underscore the relative importance of the "underground economy" at the national level.

To improve the living standards of the workers who participate in this rather substantial segment of the national economy, numerous strategies have been implemented to promote social change and development processes. These strategies have been combined in different forms, in various educational philosophies and in a variety of ways, each with several components: educational, organizational, financial, administrative and commercial (Latapí, 1984).

The results obtained by those who have advocated these strategies have not fulfilled their expectations. For example, an evaluation by Muñoz Izquierdo (1984) from a sample of experiences of informal projects in Mexico, demonstrates the inherent limitations of diverse strategies designed to address specific problems in the Informal Sector.

First, the success of these projects implemented by public institutions is based on a dependent relationship with the promotional organization or it may be conditioned by the fact that intermediaries are not eliminated. Consequently, the income that is generated in the Informal Sector is not equivalent to that which is generated by those who have a productive and stable occupation.

Secondly, the independent agencies promoting the projects encounter their greatest difficulties in their interactions with the environment, that is, with factors representative of the context in which they work. These difficulties can be attributed to the fact that independent institutions do not limit themselves to creating opportunities of productive activity among the participants, but also seek to correct the imbalance that characterizes the interchangeable relationships between these projects and the rest of the economic system. In other words, their mandate is to change the entire socioeconomic structure rather than focusing on specific problems.

In summary, government agencies prefer to support projects that are viable in the short term, even though the economic results prove less satisfactory than originally expected, whereas independent agencies seek more ambitious goals that are obviously less viable.

In the Mexican state of Puebla, the evaluation of a set of productive projects that was an integral part of the Programa Regional de Empleo (Regional Employment Program) produced evidence revealing dissatisfaction by the participants. The following points were among the results obtained (Carrillo, 1986):

- 11% of the participants in the project stated that their activities resulted in a higher income than they had received before participating in the study.
- 24.8% responded that the project aided the participants in attaining higher welfare levels than before their participation in the project.
- a further 32% considered that the project allowed them better employment conditions and, finally
- less than one-fifth (18.9%) of the participants interviewed felt more satisfied with the final

results than before participating in the project.

These experiences demonstrated a need to take a step back and to "observe" the internal processes of the UIS before attempting to "change" or "rectify" the present situation.

From a practical and concrete perspective, these are key issues that need to be addressed as they pertain to the UIS in order to identify particular features and assess different factors that may have hindered the development of the units. More specifically, these issues can assist in pinpointing the significance of educational activities in the UIS as a means of contributing to economic success and personal well-being for the members of this sector.

B. Objectives of the Study

This research study comprises two different levels of analysis: theoretical and practical. At the theoretical level it explores the different approaches to explain the development of business activity in the UIS in Latin America. Here the most important question underlying the entire Informal Sector debate is whether the small-scale enterprises have the capability to accumulate capital, to generate employment and autonomous economic growth and, consequently, to determine the usefulness of policy recommendations to organize and develop the informal sector. The more recent findings, theoretical discussions and debates about the Informal Sector are organized to better understand this phenomenon.

At the practical level the results obtained by the survey and the in-depth interview of this study are analyzed in the context of the different characterizations developed by other institutions in Latin America (ILO, PREALC, ENEU, STyPS, INEGI). Obtaining a diagnosis of the history, characteristics, and operating conditions of different types of small productive units of the Informal Sector within the metropolitan area of Mexico City, the factors responsible for the economic and social achievements and/or failures of the aforementioned units are clarified. In addition to determining both the theoretical and practical constructs of the informal sector, this research aims to study the circumstances, the segments and activity branches of the market, and the impact that a set of educational, training, organizational and legal factors have on the economic development of the UIS units.

Based on the analysis of the results obtained, a plan of action is proposed that may allow "informal" workers a means of ameliorating their living conditions.

Education and training in the UIS of Mexico City is the principal focus of this research. The intention is to study the impact that a set of educational and training variables has on that sector in terms of economic success and social well being. This research study focuses on:

1) determining the general characteristics of different types of small productive units of the

UIS within the metropolitan area of Mexico City;

2) determining the educational factors associated with the economic success and standard of living of the microunits of the UIS under study and

3) proposing possible educational and training strategies to promote the economic and social development of the productive units of the UIS studied in Mexico City.

In summary, this research study aims to investigate the contribution of education and training as it pertains to the successful operation of the units of the UIS in Mexico City. By detecting the educational elements that might enhance the standard of living of those persons who work in the UIS units, it will, hopefully, continue to promote its development in the future.

C. Research Questions

Because this study focuses on education and training in the Urban Informal Sector, the following questions served as guides:

1) What are the main characteristics of the UIS in Mexico City?

This question helped to explore the different characteristics of the UIS productive units with respect to type, size, economic categories, longevity, productivity, organization, legal status, ownership, migration, internal dynamics, savings, economic success, age, gender and schooling. However, in the process of understanding the UIS through its description and characterization, important theoretical questions are raised concerning the capability of the small-scale enterprises to accumulate capital, to generate employment and autonomous economic growth and, consequently, to determine the usefulness of policy recommendations for organizing and developing the Informal Sector.

2) What is the impact of informal, formal and non-formal educational and training mechanisms on the organization and development of the UIS?

This question helped to analyze the possibilities of expanding and promoting growth of an organized UIS as an alternative form of creating employment, by means of enhancing education and training.

3. With regard to the Informal Sector, what activities and/or actions are needed in order to promote the eventual development of the Informal Sector?

D. Thesis Organization

Following this introduction, the second chapter outlines the theoretical framework set down for the analysis of the UIS in the context of the Labour Market Segmentation Theory and the different theoretical approaches to the phenomenon. It includes the UIS's ties with educational and training structures within the general framework of functions assigned to education and presents a typology for an analysis of the UIS.

In Chapter Three the research design, determination of sample and techniques used in the data analysis are described.

Chapter Four analyzes the results of 300 survey questionnaires in conjunction with 46 interviews.

Chapter Five is a summary of the research study in which the main conclusions of the investigation are reported and implications for education in the Informal Sector and further areas of investigation are discussed.

E. Limitations

It should be emphasized that the selection of the sample was not designed to represent a particular version of that elusive concept -the Informal Sector. Even in relation to its particular area of focus the survey is not scientific in the sense that it applies strict statistical methods in selection and probabilistic calculation. Its purpose is rather to examine a process of definition of perceived problems by members of the target population themselves. The value of this type of qualitative research along with its limitations is described in Chapter Three on Research Design and also in the final chapter.

In light of this disclaimer the connection of this work with the vast literature in the so-called "Informal Sector" is somewhat tenuous. Extensive further research will be needed both at the conceptual and statistical levels to make clear these connections. In particular (as discussed in Chapters Three and Five) longitudinal -time series- studies based on careful specification of the population (the unemployed Formal Sector workers) and representative random samples will be needed.

On the other hand, statistical research on the structure of the Informal Sector -along with its basic definition- is so little advanced in the Mexican context, that it would be wasteful not to point out certain suggestive elements in the questionnaire and interview results as they throw light on these issues. Furthermore, certain aspects of economic and educational policies in Mexico have been cast in terms of the Informal Sector. For these reasons, Chapter Four (Analysis of Data) indicates how the characteristics of the sample differ from those of other researchers even though the question of comparability of samples between their work and this thesis is not treated rigorously.

In particular, the following limitations should be noted:

1) The sample was restricted to the Metropolitan area of Mexico City and involved those who belong to a part of the Informal Sector; therefore, people

involved in the Formal Sector were not interviewed.

2) Part of the questionnaire and the in-depth interview guide used were specifically designed for this study. Its correlation with other studies of this kind still has to be determined.

3) The results may not be entirely applicable to other urban areas since the study centres on an extremely large cosmopolitan city.

4) Due to the economic crises of the early 1980s, hundreds of thousands of Formal Sector workers, most of whom happen to be males, were laid off from their jobs. Where did these numbers go? If they were absorbed by the Informal Sector, are their numbers so minimal that they do not have a significant effect, in terms of gender, on the sample of this study? Further, could their relatively higher educational standards and the fact that more men than women are now employed in the Informal Sector make UIS population look less marginal in terms of its social characteristics? Could it, therefore, also be the reason why fewer women than men appear in our sample? This study, due to its limitations, is unable to provide the answers; however, these questions do give rise to a whole new area of research in the Urban Informal

Sector (UIS).

5) In many respects, this study is breaking new ground, consequently the normative and prescriptive proposals for educational planning that may emerge from it will need to be tested in practical applications due to the characteristics of the population studied (unregistered, illegal, hidden, etc.) in which most of the units surveyed fell under the term "microenterprises" rather than transitory or marginal informal units.

It is for these reasons that the literature survey, both in this introductory Chapter and in Chapter Two, includes different approaches to the so-called Informal Sector, and it is not simply limited to methodological and educational planning studies. It is to the issue of the conceptualization of the Informal Sector that we now turn.

CHAPTER TWO

EDUCATION AND TRAINING IN THE URBAN INFORMAL SECTOR IN THE CONTEXT OF THE LABOUR MARKET SEGMENTATION

Introduction

This chapter presents a survey of the literature related to education and labour market theories as they apply to the economic informal sector in Latin America and specifically to Mexico. In addition, a review of the theoretical debate on educational structures is included. Some implications for educational planning and its relationship with employment problems are derived from this discussion.

The first of the five parts in this chapter develops a theoretical framework seeking to identify the origin of the informal sector and to examine the different factors that have hindered its development.

The second part discusses the main assumptions of labour market segmentation theories and their relationship with education. This includes the Orthodox (Human Capital), Dualist, Fragmented (non-radical) and Radical approaches to education and poverty and/or unemployment.

The third part presents a brief review of the theoretical debate on educational structures, specifically on adult education and training, and the role they play within the development of the UIS.

The fourth part discusses some implications for future educational planning activities which includes the relationship between education and employment. More specifically, it deals with how educational planning can contribute to the development of the informal sector of the economy.

Finally, the fifth part presents a typology for analyzing the UIS economic units.

Part I:
The Informal Sector: A Theoretical Perspective

A theoretical framework to identify, from different perspectives, the origin of the informal sector, its nature and its future development possibilities can now be proposed.

It is important to clarify that in the 1950s the influence of the **modernizing** and **developmentalist** approaches of Latin American intellectuals (scholars) led to the differentiation of the societies of that period into two different sectors, **traditional** and **modern**, that remained distinct from each other. The traditional sector consisted of poor people from rural areas with very low levels of instruction or schooling, who were incapable of integrating themselves in the modern sector. The latter was comprised of people from larger cities, enrolled in industrial activities, who had obtained higher levels of instruction or schooling.

The developmentalist approach assumed that mass production was an important pre-requisite to support the industrialization process. Furthermore, the intervention of the State, could offer another pre-requisite for the development of this model (the industrialization model). Under this model, it was assumed that the manipulation of the labour market would create a positive relationship with the growth of production and employment. In this way it would ensure the integration and assimilation of the growing labour force that was being offered to the modern economic sector and, in so doing, modernize the traditional sector -needless to say, the outcomes of this model were not the ones that were expected. In reality, after the Second World War, some of the Latin American countries which had experienced an acceleration in the urbanization and industrialization process, manifested, at the same time, in their urban areas, a population that was living under very poor conditions.

In the late 1960s and early 1970s, there was an attempt to interpret this situation within a developmentalist framework under the notion of "urban marginality" (Germani, 1973). At the same time, an attempt was made to provide a different explanation for this situation, from a Marxist perspective, termed the "Dependency Theory." The main element in this explanation was the notion of the **industrial reserve army**. With respect to the function of the labour market, it stressed the interrelationship between the so-called "marginal pole" and "hegemonic pole" of society which was different from the dualist approach (modern-traditional). For the dependency approach, the marginal pole existed solely to the extent that it functioned for the hegemonic sector or pole, because it became a very important source of cheap human labour (Quijano, 1971; Cardoso and Faletto, 1979; Kowarick, 1985).

At the beginning of the 1970s, the informal sector became a wide-spread alternative explanation or approach that was very well-known through its use by international organizations such as the International Labour Office (I.L.O.).[1] In 1972, the term "informal sector" was introduced officially, by the I.L.O., in a document about Kenya (ILO, 1972), however, this approach also had been used in two previous missions in Colombia and Sri Lanka. The World Bank introduced this term in 1975 in its official documents as it was considered **ideologically neutral** and served to describe the set of urban occupations that allowed the subsistence of millions of workers who did not have the opportunity to be absorbed by **modern** enterprises.

This approach, based on the dual concept of the economic structure and the labour market, anticipated an optimistic future of the development possibilities of the Third World countries. It coincided with the recommendations that the I.L.O. proposed to the Third World countries; i.e., the idea that the government would support and promote the development of the "informal" sector productivity because this sector supposedly had a strong dynamism and the potential to integrate itself into the "modern sector". Furthermore, the possibilities of incorporating macro-economic measures to stimulate employment also existed and was seen as a means to promote, through the informal sector, the creation of employment (Tokman, 1978, 1987a, 1987b, 1988; Tokman and Klein, 1979; Raczynski, 1977; Portes and Benton, 1987; Klein and Tokman, 1988).

---

[1] This term was used for the first time by Hart in 1971 for identifying the productive role of this sector in the African context, especially Ghana (Hart, 1973).

Fifteen years later, the term informal sector was no longer the property of labour market specialists (scholars). Today, it is very common to read different comments in Latin American newspapers, from entrepreneurs, union-leaders or government officials on the activities that have been called "informal" in their respective economies, even when the phenomenon has different manifestations in each country.

In Latin America, the I.L.O., through the Employment Regional Program for Latin America and the Caribbean (PREALC, in Spanish), is the main promoter of research projects of the informal sector and is an active advisor in the design of policy linked to these activities (PREALC, 1974, 1978, 1985). On the other hand, there is the tendency to maintain that the "informalization" of the economy is no longer an exclusive characteristic of Third World countries. Actually, one can observe a tendency in the academic world, of applying a similar approach and terminology as a means of understanding and explaining certain recent features in the operation of developed or industrialized countries.

In this way, different metaphors have appeared that attempt to describe or explain this phenomenon or "informalization" such as black economy, underground economy, unofficial economy, irregular economy, shadow economy, hidden economy, sunken economy, informal economy and subsistence economy, among others (Connolly, 1985; Ferman, 1987; Lautier, 1988). It is often very difficult to determine the origin and exact meanings of the terms used by different authors and how they are applied to different situations. For example, the informal sector was used with regard to Third World cities, thus "irregular economy" and "informal economy" could be considered synonymous. **Underground** or **subterranean economy** and others have been used which emphasize the fact they are concealed from official records and include illegal practices. At best, it can be said that the term **informal economy** is misleading because it assumes that there are a variety of different economies. The paradox lies in the fact that, while this interpretation has spread rapidly with the possibility of becoming universally understood, it has lost its descriptive power, although the term is still used by Latin American governments in designing its employment policies. Consequently, there are now even more important differences in the definition and characterization of the informal sector in the recent use of the term to understand the problem of urban employment in Third World countries.

Existing literature refers to four interpretations of the problem, leading to the supposition that, in this manner, one might be able to clarify the circumstances whereby each of these interpretations occurs. These are:

1) the interpretation stemming from the structural approach or the Latin American version of the International Labour Office,
2) the Neo-Marxist interpretation,
3) the interpretation derived from the micro-projects experiences or the Populist approach and
4) the neo-Liberal or Legal-Administrative approach.

1) The structural Interpretation or the Latin American Version of the ILO

This interpretation was developed by the Programa Regional de Empleo para America Latina y el Caribe (PREALC, 1978). The authors established two paradigms to explain the nature and development of the informal sector, each with two hypotheses.

The first paradigm maintains that the population employed in the informal sector constitutes a passive majority exploited by enterprises that belong to the formal sector. These effects are seen as negatives because they generate relationships of dependency and subordination. The other paradigm proposes that informal economic activities, even under the most precarious conditions in which they operate, have some autonomous capacity to generate income gains. That is, it considers that the relationships between small and large enterprises produce "benign" effects.

In addition, each of these paradigms proposes two alternative hypotheses: one considers that small enterprises operate under conditions of a certain degree of autonomy, and the other supposes that these enterprises are integrated into the wider economic system.

The hypotheses derived from these two paradigms can be summarized as follows:

The Paradigm of Benign Relationships (Hart, 11979; ILO, 1972)
Hypothesis 1) Under conditions of autonomy: the dualist approach.

According to this hypothesis, some productive units of the informal sector constitute an autonomous segment of the economy characterized by the fact that it produces jobs as well as goods and services for the social groups of lower incomes. The efficient operation of these informal activities must have produced economic gains that, in turn, might partially explain the growth of the sector. The greater part of these economic gains has probably been re-invested in the informal sector.

Hypothesis 2) Under conditions of integration: the complementary approach.

According to this hypothesis, the growth of the autonomous informal sector is encouraged because some of the units that are found within the informal sector are integrated into the rest of the economy.

The enterprises that fit into this framework export all kinds of products, but essentially provide services. These enterprises are important providers of services, especially of transportation (McGee, 1974; Weeks, 1975).

The advocates of this paradigm (Hart, 1970 and 1973; ILO, 1972) foresee an enormous potential in the informal sector as the basis of economic growth and better income distribution. The main problem has been to determine whether the informal sector has an autonomous status or whether it is integrated into the economic system (Klein and Tokman, 1988).

The Paradigm of the Relationships of Subordination

This theoretical trend is derived from an analysis of the process of accumulation at an international level, and considers the informal sector to be a manifestation, within the country, of inequalities in the worldwide economy (Prebish, 1963; Pinto, 1965; Amin, 1976; Sunkel, 1973; Quijano, 1974; Bienefeld, 1975).

The examination of these relationships is based on the consideration of the terms of exchange and of prices in the transfer and incorporation of technology, and by the role played by trans-national enterprises. The main argument of this paradigm is that, in industrialized nations, the process of accumulation is interpreted as an improvement of productivity that is retained in central countries, while improvements in productivity obtained in peripheral countries are transferred to the former through different mechanisms. The result of this process is a slow growth of the demand for labour with an increase in the qualification requirements for employment. Both elements are combined with a rapid growth of the urban labour supply which eventually creates an informal or marginal sector.

For a better understanding of the subordination paradigm, two hypotheses are analyzed:

Hypothesis 1) Under conditions of autonomy: the Marginality hypothesis.

Those who support this theory assume that the informal sector does not interact with the rest of the economy (Nun, 1969; Quijano, 1974; Santos, 1976). The extraction of economic gains and the impoverishment of the capacity of accumulation are explained by reference to the existence of a surplus in the labour force and of the limited access the informal sector has to modern inputs and to better-organized markets.

The first mechanism is the result of the effect produced by the surplus of the labour force on salaries outside the informal sector (Quijano, 1974).

The second dependence mechanism, in an autonomous context, is the lack of access to certain inputs and consumer markets. The possibilities of expansion of this sector do not depend on its accumulation capacity but only on the size of the work force that cannot be absorbed by the rest of the economy (Bienefeld, 1975).

Hypothesis 2) Under conditions of integration: the exploitation hypothesis

According to this hypothesis, subordination and lack of access to basic resources are reinforced when informal productive units are integrated into the rest of the economy, since this eases the transfer of gains from the informal to the formal sector. Another subordination link is found in the fact that some informal units operate as channels of distribution for formal sector enterprises, transferring gains to the latter because they cannot obtain their products at convenient prices.

A similar situation occurs in subcontracting or "maquila"[2]. The sale of intermediate products at lower prices allows oligopolistic enterprises to increase their gains through exploitation of the UIS workers in certain phases of the productive process (Portes and Benton, 1987). Generally, informal units in this situation receive a lower salary than those that would correspond to the same function if this were carried out by permanent workers within oligopolistic enterprises.

---

[2] Maquila = assembly plants in English; however, the term, in Spanish, implies more than just the assembly of goods, but also has the connotation of exploitation and subservience.

In summary, the advocates of the benign relationships between the formal and the informal sector consider it a potential source of economic growth. They recommend that the State give more support to the informal sector through technological aid, and subcontracting enterprises from the public and private sectors as a means of supplementing areas of need by the informal sector. On the other hand, supporters of the paradigm of subordination assume that the causes of underdevelopment are to be seen in the process of accumulation of industrialised nations, rather than being found in the informal sector or in the peripheral economies. Therefore, the proponents of this paradigm conclude that it is not feasible to formulate policies to develop the informal sector.

2) The Neo-Marxist Interpretation or Dependency Theory Perspective

The label "Neo-Marxist" is, in many ways, too simplistic, even though the basis of analysis of this perspective is the Marxists' studies on the capitalist mode of production. In the main feature of this perspective the Neo-Marxists affirm that a capitalist socio-economic system exists as a "continuum" instead of two clearly independent and different sectors.

The Neo-Marxist authors (Bremen, 1976; Bromley, 1978; Gerry, 1974, 1979; MacEwan, 1979; Moser, 1978) believe that the type of dualism inherent in the informal sector approach suffers from four important deficiencies, summarized by Martha Roldan (1985):

> First, the concept of the informal sector, rather than providing an explanation, offers a mere insight into certain occupational categories. Second, the dualist classification is simplistic since it labels all economic activities as either informal or formal, thereby ignoring the subtle but important differences found between economic activities which might be described as intermediate or transitional. Third, the concept offers no specific criteria which would allow the identification of a particular activity with one, rather than the other, sector. Finally, the theoretical perspective of the informal sector approach encourages the formulation of generalized and undifferentiated policies whose impact is either neutral or prejudicial for the majority of individuals and enterprises found in the local informal sector; in fact, membership in this sector extends to several different classes and class-fractions whose interests are neither identical or necessarily complementary. (Roldan, 1985: 249-250)

As previously stated, the dualist perspective assumes that the two sectors are autonomous when, in fact, the nature of their interrelationship is one of domination/subordination, in contrast to the Neo-Marxists' point of view of a continuum.

The advocates of both approaches, the ILO and most Neo-marxists, are labelled **reformists** [3] by Gerry (1987). These two positions correspond in that it is necessary to explain the changes that have occurred in the capitalist system in its efforts to overcome the structural crises of the 1970s and 1980s.

A few Neo-Marxists or Dependency theorists affirm that the origin of the informal sector stems from its relationship with dominant capitalist production and distribution and in the reproductive nature of the state that facilitates capital accumulation.[4] Though these Neo-Marxists have different positions, their opinions concur with the idea that the economic activities of the underemployed urban poor are a form of petty commodity production. The characteristics of these producers are that:

---

[3] For Gerry the reformist approach attempts to achieve income transfers "to benefit the poor, without prejudicing too much the preexisting capitalist basis for economic growth". Reformists (World Employment Programme of the International Labour Office) maintain that with certain reforms the informal sector can be transformed from a stagnating mechanism of the urban poor into a dynamic model of economic growth the will fuel economic development in the so called Third World Countries (Gerry, 1987: 109).

[4] See Gerry, C., "Petty Production and the Urban Economy"; idem "Petty Production and Capitalist Production in Dakar: The crisis of the Self-employed" in R. Bromley, ed., The Urban Informal Sector: Critical Perspectives, Special issue of World Development, Vol 6, 1978; Bienefeld, M., "The Informal Sector and Peripheral Capitalism", Bulletin of the Institute of Development Studies, 6 (3), 1974; Portes, A., "The Informal Sector and the World Economy: Notes on the Structure of Subsidised Labour", Bulletin of the Institute of the Development Studies, Vol. 9, 1978; Bromley, R., and Gerry, C., (eds) Casual Work and Poverty in Third World cities New York: John Wiley, 1979; Quijano, A., "The Marginal Pole of the Economy and the Marginalised Labour Force", Economy and Society, Vol. 3, 1974

1) they produce small outputs for the market,
2) they invest low levels of capital,
3) they constitute a small work-force,
4) low technological levels exist in their units, and
5) they are the owners of the means of production.

These producers are, in essence, disguised wage workers exploited through a subcontracting system (McEwan, 1977; Gerry and Birkbeck, 1981).

Thus, Neo-Marxists oppose the promotion and development of the informal sector, among other reasons, because it facilitates the transfer of value from the marginal poor to the national and foreign capitalists. Furthermore, the Neo-Marxists do not accept State policies for developing small producers because, in doing so, the State is creating these so-called "disguised" wage workers simply to serve the interests of capital growth.

Recently, some Orthodox Marxists interested in small agricultural production (Berstein, 1977, 1986; Gibbon and Neocosmos, 1985) have initiated a theoretical and empirical reappraisal regarding the problems of petty commodity production in the capitalist system. Gibbon and Neocosmos (1985) criticise the Neo-Marxist proposition which maintains that petty commodity producers are disguised wage workers, since Neo-Marxists conceptualize petty commodity production as the product of a mechanical contradiction between capital and labour. For Gerry (1987: 117), petty commodity production "is the result of the operation of the law of value and corresponding changes in the social division of labour... under capitalism".

3) The Populist Approach (Gerry, 1987).

From the time of Sismondi (1819) and Proudhon (1845) to the recent ideas of Schumacher (1974) and Illich (1972, 1981), there has been a school of thought that opposes development and progress based on large-scale industrialization. Populists do not believe in the capacity of the market economy "to distribute equitably and distribute adequately the benefits of growth to the majority [of the people]" (Gerry, 1987: 104). This is the main feature that distinguishes populism from laissez-faire, the Neo-Marxists and the Structuralists.

Proponents of this view suggest that small scale production can avoid concentration of power and wealth in both central and dependent economies. However, they have not proposed a model in which the informal sector or small enterprises can support a more independent style of Third World development and economic growth (Gerry, 1987). Their developmental strategies were institutionally based on a very small scale. Populists advocated the concept of appropriate technology that spread in Latin America at the end of the 1970s.

At this point, it is necessary to consider the main factors that have limited the healthy development of the informal productive units, because of their important impact on the operation of thousands of projects in Latin America. Most of them have been supported financially by non-governmental European and/or U.S. institutions (AITEC, 1980). These factors, as stated below, are a result of a number of experiences that have occurred in the thousands of micro-projects that have taken place in Latin America in the last twenty-five years.

Factors related to organization

It is probable that these units, as a consequence of their origin, lack the needed qualified personnel for optimizing their organizational structures, thus limiting their efficiency.

Factors related to financing

Given the characteristics of these units, it is most probable that they lack adequate access to financial markets, since the requirements of the banking system are many and rigorous and cannot be met by these units.

Factors related to marketing

The problems that informal units have in reaching adequate input and consumer markets have been previously stated. It is, therefore, worthwhile to ponder the incidence of these problems and to identify alternative means to resolve them.

Factors related to the qualification levels of employed personnel

It is very probable that, with little schooling and almost nonexistent training, workers in these units constitute another obstacle to achieving higher rates of efficiency. Therefore, the evaluation of this problem should allow the assessment of the potential impact of different policies that may help to solve it.

Factors related to the scale of operation

Finally, it is necessary to observe, in a global perspective, the impact of the financial inefficiency of these informal units, based on the fact that these units are not designed according to requisite technological requirements for optimal levels of operation. Thus, these factors have been the focus of the advocates of this position in an attempt to surmount the obstacles that have hindered the development of these productive units.

4) The Neo-Liberal or Legal Administrative approach.

There is, however, a new spirit of "laissez faire" in Latin America. Recently, the assumption has been made that the healthy development of informal units is hindered by several barriers that have originated in laws and administrative dispositions that must be adhered to. A widely published study by Hernando de Soto (1987), an advocate of this approach, proposed a certain parallelism between the situation of the present informal sector and that of the mercantile enterprises. In De Soto's empirical research and case studies, he concluded that an informal economy is caused by excessive public regulation or state intervention through the creation of laws that hinder entrepreneurs from firing workers and regulating salaries by cutting wages. In this approach "informal economy" means a set of illegal but licit activities. It clearly expresses the necessity to go back to a competitive model of market regulation and set aside the Keynesian policies. In essence then, the State should no longer intervene in the economy.

In summary, the obstacles to the free movement of supply and demand create the conditions that impel the enterprises to avoid controls and official regulations, thus creating non-registered enterprises. This approach defines the informal sector as a clear manifestation of the "entrepreneurial spirit" repressed by excessive state regulation or control of economic activities.

De Soto, thus, proposes that more flexibility for the labour market and the determination of salaries by the free movement of supply and demand will help to remove the obstacles that presently impede the development of the informal sector.

Essentially, the foregoing are the main theoretical contributions to the debate about the nature of the informal sector in Latin America. One can conclude that the question raised by Hart (1973) about the reserve army is still relevant:

> Does the "reserve army of urban unemployed and underemployed" really constitute a passive, exploited majority in cities like Accra, or do the informal economic activities possess some autonomous capacity for generating growth in the incomes of the urban (and rural) poor? (Hart, 1973: 61)

The answer to this question will not only contribute to the clarification of the nature of the informal sector and its evolution but will also permit making better political decisions for its future organization.

The study of the Informal Sector, in general, and of the labour markets, in particular, is manifested by the government preoccupation with the dramatic socio-economical inequalities between nations and people, among which unemployment and income are of the utmost importance.

Part II:

Theories of the Labour Market

The rise of modern analysis of the role of education in the economic system is strongly associated with studies of growth, poverty and unemployment in America in the 1960s and 1970s.

Gordon (1972) stated, by 1970, that there were three main economic explanations for poverty and underemployment in America's ghettos: the Orthodox Economic Theory (Human Capital), the Dual Labour Market Theory, and the Radical

Economic Theory:

> Orthodox theory already existed; orthodox economists proposed some extensions and revisions of conventional theory to explain some of the puzzling features of these newly-perceived problems. Dual labour market theory emerged during the decade to interpret the results of some individual studies of ghetto labour markets. Radical economic theory, resurging during the sixties in response to many concerns, began to develop its own interpretation of ghetto employment problems in the United States. Although the three analytic explanations of urban poverty and underemployment described and sought to explain the same reality, they drew from and implied fundamentally different theories of income determination and distribution (Gordon, 1970: vii).

Therefore, in Gordon's view the same problem of urban poverty was studied from different theoretical perspectives as a means of describing the relationships between education, poverty and unemployment.

From a North American perspective, poverty and underemployment may be explained by the Orthodox Theory and by three variants of Segmented Labour Market Theory: Dual, Fragmented (non-radical) and Radical.

A. Orthodox Economic Theory

The Orthodox Economic Theory of labour segmentation is based on various assumptions. First, employers and workers have fairly accurate knowledge about wages and job opportunities throughout the market, and, both employers and workers are **rational** in the economic sense. In other words, employers act to increase profits and workers act to maximize net advantages from employment. Each individual employer and worker represents such a small part of the total supply and demand of the labour force that their individual decisions have no influence on wages. There are no obstacles to labour mobility or other production factors (Loveridge and Mok, 1979). The Orthodox perspective assumes that workers and employers act individually and not in concert with other workers (through unions) or employers (through associations) in making wage and employment decisions. Finally, the Orthodox Economic Theory assumes that labour within a particular market is homogeneous and interchangeable.

This model was never intended to provide a true picture of the workings of the labour market, but has been seen as an **ideal type** of system operating under **controlled conditions** and has been influencing the thinking of labour market theorists for more than a century. Its main features, when applied to education, have been expressed through Human Capital Theory.

Human Capital Theory

The Human Capital approach responds to the principles of the Technical-Function theory of Education. This is not a particular or specific theory, rather it is a set of theoretical propositions espoused by the neo-liberal, neo-classical economic theorists and the functionalist sociologists with regard to the relationship between education and the economic structure.

The Technical-Function Theory of Education, partly using the Human Capital approach, attempts to explain, not only the functioning of the labour market and the relationship between education and income, but also the role of scientific and technological knowledge in development, education, and the work force. Furthermore, it tries to go beyond the preceding explanation by attempting to explain the policies of educational development in general.

Denison (1964, 1967) tried to discover the contribution education makes to economic growth. Using estimations, census data and projections, he endeavoured to gauge this contribution as it pertains to the Gross National Product. Later (Denison, 1972), he concluded that the amount of schooling is directly related to labour force productivity and efficiency and economic development partly depends on the labour force's educational level. Thus, educational requirements for a specific job correspond to the real qualification(s) required for different occupations. Technological innovations produce some changes in the occupational structure, which in turn produce its accompanying educational requirements; yet, the repeated character of technological innovations will ensure more complexity in the occupations and, consequently, will affect the educational level required from the labour force.

Schultz (1961, 1967, 1968), focused his analysis on the differences between the costs of different levels of education and the different salaries received by people over a period of time. He attributed the positive differential in salaries that he obtained (i.e., the rate of return) to education.

Becker (1964, 1967), was another proponent of the Human Capital approach. He affirmed that the labour market functions equally for all individuals. It employs and rewards each person depending on the supply and demand and especially on the basis of the marginal productivity of the person, which depends on his/her level of education; i.e., there is a homogeneous labour market that is objective and neutral.

For the Human Capital Theory then, integration and selection, through socialization (the common value system), and the choosing of the most suitable candidates to fulfil various societal roles, is performed on the basis of ability and merit.

One basic assumption of this theory is that the educational qualifications required for a job reflect the employer's rational decision as to the best qualifications needed to obtain that job. Under this assumption, unemployment (and especially unemployment of educated people) is the result of:

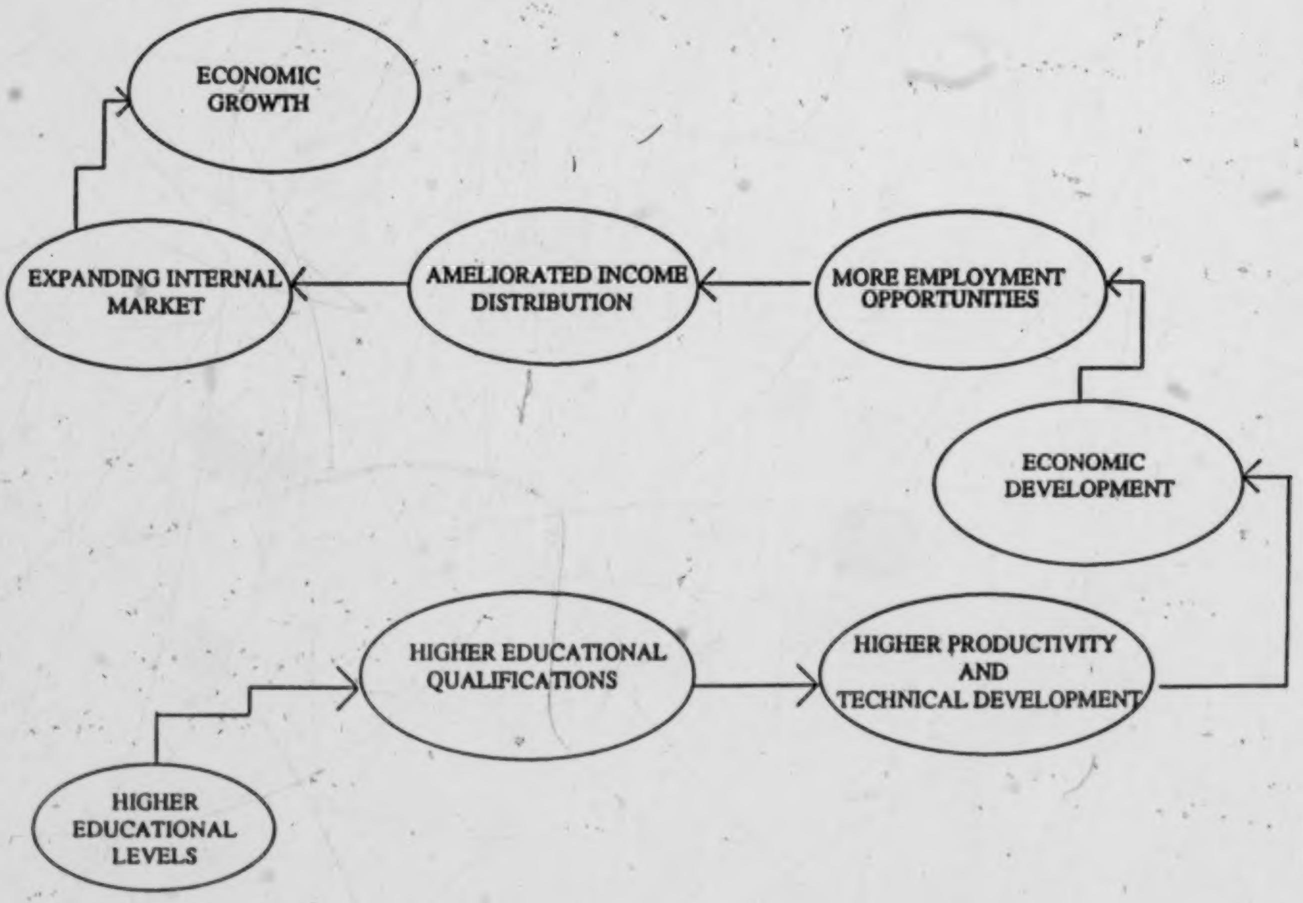
1) a temporary mismatch between the type and level of education of the individual and the type of education demanded by the labour market and/or

2) the external restrictions that impede the free development of the supply and demand, e.g. salary control by government, unionism, technological innovations, lack of information, etc. (Blaug, 1972).

The process can be summarized (Figure 1) as follows: 1) a higher educational level corresponds to 2) higher labour qualifications ---- resulting in 3) higher productivity and technical development ---- which creates 4) economic development ---- and then, in turn, 5) more employment opportunities ---- which ameliorates 6) the income distribution ---- 7) and expands the internal market ---- yielding 8) economic growth (Harbison and Myers (1964). In this context, the role of the State is to create and develop the qualification characteristics that will respond to the demands of the labour market. Human Capital Theory affirms that expenditures in education are considered investments, and that these are reflected in a better rate of return than investments in physical capital (Thurow, 1970).

FIGURE 1

HUMAN CAPITAL THEORY FLOWCHART


ECONOMIC GROWTH
EXPANDING INTERNAL MARKET
AMELIORATED INCOME DISTRIBUTION
MORE EMPLOYMENT OPPORTUNITIES
ECONOMIC DEVELOPMENT
HIGHER EDUCATIONAL LEVELS
HIGHER EDUCATIONAL QUALIFICATIONS
HIGHER PRODUCTIVITY AND TECHNICAL DEVELOPMENT

In this realm of study, Psacharopoulos is the most recent proponent of the Human Capital approach. Assuming the basic principles of the aforementioned theory, he has tried to understand the relationship between education and economic structure and has increased the number of explanatory variables when comparing different nations (Psacharopoulos and Metcalf, 1973). He states that the important issue in the field of comparative education is how to solve educational problems; in other words, the kinds of actions which must be implemented in order to address educational problems (Psacharopoulos, 1989).

In summary, this theory asserts that an individual's knowledge and expertise must be considered capital in the same sense as those material elements that make possible economic production; i.e., machinery, buildings, money, etc. Education, among other factors (health, housing, etc.), is considered one of the most important elements that contributes to the enhancement of an individual's productive abilities. Therefore, if there is a correlation between the level of education (schooling) and the level of income (better occupations) it can be assumed that unequal education produces economic differences. Hence, the assumption is that if one wants to reduce economic inequalities, educational opportunities must be expanded.

However, studies in the late-1960s by another group of economists searching for an explanation to the problems of poverty and unemployment, showed the weaknesses of this assumption. A research study of the ghettos of Boston, Chicago, Detroit and Harlem [5], showed that workers from ghettos did not increase their salaries even when they had more schooling and better training. They found that the markets were segmented and not homogeneous (Wilkinson, 1981). Thus, the Labour Market Segmentation Theory arose as a critique of the individualistic orientation of the Human Capital approach (Clairmont et al., 1983; 1985a; 1985b).

B. The Labour Market Segmentation Theory

This is a specific and limited theory, initially developed in a particular socio-cultural context (inner city problems of the USA in the 1960s and 1970s) that proposes to explain the internal functioning of the labour market in a society. Clairmont offers a good summary of its origin:

> The current segmentation perspective is American in origin and developed in response to empirical findings of and reflection upon the war on poverty experience of the late sixties. The perceived failure of the supply-side thrust of the war on poverty...led economists and sociologists to highlight the institutional context of work, especially the segregation of "good jobs and bad jobs"...This latter distinction

---

[5] Doeringer studied the Boston ghetto labour market (Doeringer et al., 1969). Another group worked in Chicago (Baron and Hymer, 1968; Rees, 1968). Detroit was studied by a group in connection with the Michigan Institute of Industrial and Labour Relations (Ferman, 1967; Fusfel, 1968; Bluestone, 1970;Wachtel, 1970). Vietorisz and Harrison (1970) reported the results of the research done in Harlem.

> was at the core of dual labour market theory which has been the chief guise of the segmentation conceptualization (Clairmont et al., 1983: 247).

In essence then, there are a variety of conceptualizations and ideologies of segmentation which are divided into three positions: the Dual Labour Market, General Labour Market and Radical Labour Market.

The Dual Labour Market Position

The work of the Dualists, in particular the American economists Doeringer (Boston University) and Piore (Massachusetts Institute of Technology), is oriented around four inter-related hypotheses (Doeringer, 1971; Piore, 1971):

1. It is useful to dichotomize the economy into a primary and a secondary sector of employment opportunities [6].
2. The wage and employment mechanisms in the secondary sector are distinct from those in the primary sector.
3. Job mobility between these two sectors is

---

[6] For the Dual Labour Market Theory the market is divided into two main segments: the primary and the secondary sectors. Some characteristics of the primary jobs are: "high wages, good working conditions, chances of advancement, equity and due process in the administration of work rules, and, above all, employment stability." (Piore, 1975: 126) The secondary market offers low-paying jobs, poor working conditions, almost no chance of advancement and great instability. In addition, a division was introduced within the primary to distinguish an **upper** and a **lower** tier (Piore, 1975) or an **independent** and **subordinate** primary.

severely limited, hence, workers in the secondary sector are essentially trapped there.

4. The secondary sector is marked by pervasive underemployment because workers who could be trained for skilled jobs at no more than the usual costs, are confined to unskilled jobs.

The Dual Labour Market approach, therefore, emphasizes the interaction between various institutions on the one hand, and between these institutions and individuals on the other, as a precondition to understanding the real dimension of poverty and underemployment. The Dualists suggest that the interaction between employers' interests, employees' interests and technologies determines the job-structure.

The Fragmented Labour Market Approach

In this theory the dominant element in the analysis is not the personal choice of the worker or the educational characteristics of the labour force, but, rather, the nature of labour demand as determined by technological features and imperfect market structures in the economic system. The occupational options, therefore, are determined, on the one hand, by the market's homogeneity or heterogeneity, their occupational structure and their hierarchical differentiation, and, on the other hand, by the labour qualifications (generated by the division of labour), the occupational distribution of income as well as the role of educational credentials.

The central proposition of this theory is that the labour market is not a homogeneous apparatus that functions for all individuals. It neither operates under objective and efficient norms nor searches for competitive equilibrium and remuneration under marginal productivity criteria as proposed by the Neo-Classical theory of the labour market. In the theory of labour market segmentation, the market is structurally divided into several highly unequal and segmented labour markets. Each of these markets is associated with certain overall occupations that constitute larger levels into which the hierarchical occupational structure is further divided. At the top of this structure is the conceptual and intervention level of production that is equated with intellectual work. Then, comes the technical-administrative level (together, forming part of the primary sector) and, at the bottom, the operative level of production, which is viewed as manual work (the secondary segment).

All these occupational levels are highly differentiated,[7] specifically in terms of the educational and ascribed pre-requisites (age, gender, race ...) that are required for a particular job at each level.

The educational and ascribed pre-requisites act as barriers preventing occupational mobility among levels. This mobility is even more difficult because of the 'internal' market organization. Within each level, these factors limit and control the access of these occupations in order to protect internal promotions (Edwards, 1975).

---

[7] The occupational levels are differentiated in terms of salaries, social welfare, working conditions, autonomy, responsibility on the job, etc.

This labour market segmentation has two different and complementary levels: the first is **Intra-organizational** segmentation, the other is **Inter-organizational** segmentation. The former assures, in its most general form, the segmentation between intellectual work and manual work, the distinction between professional or managerial occupations or technical-administrative occupations that ensure supervision and control and the **operative** or, more specifically, those directly involved in production (manual labour) [Edwards, 1975].

Inter-organizational segmentation occurs between two similar occupations depending on the sector of the economy in which they are situated, that is, in the modern, dominant oligopoly, in medium and small enterprises, or, as in the case of Latin America, in a sector of the population which is comprised of marginal activities (self-employed and family units employed as artisans or in small family businesses). These units manifest low productivity and low income, a characteristic of the informal sector. This is a kind of "underemployment" or "hidden employment" in which more than 50% of the economically active population of Latin America is engaged (Souza and Tokman, 1978). In this sense, two people with similar education and performing the same tasks could essentially receive different salaries and have different working conditions depending on the economic power and labour policy of the firm in which they are working.

The Radical Labour Market Position

The Radical Theory of Labour Market segmentation is derived from a general proposition upon which society is conceived, i.e., as a permanent battlefield with antagonistic forces fighting to create their own institutions through which the different social groups can express and establish their conflicting interests. The existence of this fundamental conflict and the different social institutions and values that emerge from them, are the main factors that define and limit the real and available options for these groups and social classes. The occupational options of these individuals are determined by the social group or social class to which they pertain.

The unequal distribution of autonomy, responsibility, organizational power, social status and income among the different occupational segments within each productive unit, are a part of the strategy by the owners to assure loyalty and commitment by the worker to the firm, and, thus, stimulate initiative, creativity and efficiency in those occupations that are considered crucial for production. Moreover, this assures control over the process of production in the context of a highly hierarchical and segmented division of labour and the associated class relations.

In short, the Radical Labour Market approach differs from the non-radical Fragmented Labour Market position in that the latter stresses the need to reproduce social (i.e., class) relations for the system of exploitation as a whole.

Thus, three main typologies of the labour market segmentation have been developed:

1) The dual labour market theory, as mentioned above, appeared toward the end of the 1960s as a result of some studies done on local labour markets developed by different groups: Boston, Chicago, Michigan and Harlem. Based on some of these studies, Piore offered the first explicit dual market labour model. For him, the American workers were located in two qualitatively distinct labour markets: **the primary and the secondary** (Piore, 1968, 1969, 1971). Later, Piore (1975) included a distinction within the primary sector: **an upper and a lower tier**.

2) As a second typology Gordon, Reich and Edwards (1972, 1973) divided the primary level into primary independent (upper tier) and primary subordinate (the lower tier) and maintained the secondary segment.

3) In 1980, Carnoy and collaborators (Carter and

Rumberger) created another typology based on the contradiction between opposite social interests as reflected through the different forms that social institutions adopt (Carnoy, 1980). They established four segments for the American labour market: the highly educated, the unionized, the competitive and the craftsmen.[8]

In summary, the theory of labour market segmentation states that the structure of salaries is determined by variables that are "exogenous" to the individual. These variables are: racial and sexual discrimination in the labour market, the monopoly power in the firm that offers the job, the occupational segments in which the labour force has been divided, the organizational norms of the internal labour markets, the union power and capacity for negotiating the level of salaries, and finally the depressive impact on salaries of the high rates of unemployment and underemployment (Carnoy, 1980). From this perspective, the vast differences in the remuneration of the labour force are not a result of its **marginal productivity** but, rather, of political and social factors.

---

[8] The **high-education** segment is a well paid segment, mostly composed of males from middle and upper class origin, with high levels of education absorbed by the competitive and monopoly sectors of the economy. The **unionized** segment is comprised of jobs characterized by unionization, internal hierarchies, and relative job security located within the sphere of large-scale, capital intensive production. The **competitive** segment is comprised of jobs with the lowest wages, poorest working conditions, "and for which structures to control entry and competition among workers are largely absent". Finally, the **craftsmen** segment is comprised of jobs that require traditional manual skills that can only be learned through practical experience; many of them are self-employed and with a relative degree of autonomy compared to competitive and unionized segments (Carnoy, 1980: 40-58).

C. The Labour Segmentation Theory in Latin America

The influence of Labour Market Segmentation theories on Latin American countries has had very important implications during the 1970s. The results of several studies done in Latin America show that the differences in salary and working conditions between individuals with similar educational and labour characteristics are due to the economic and organizational features of the firm such as: amount of capital, technical complexity, size of enterprise and the characteristics of the labour force, including the relationship between "blue-collar" and "white-collar" workers (Altimir and Pivieira, 1977; Field and Marulando, 1976). These variables differentiate the modern oligopoly sector from the medium and small firms as well as from the informal sector.

In a research study of the labour market stratification in four important Latin American cities, Calabi (1974) found four segments: primary independent, primary subordinate, employed secondary and self-employed secondary. With the exception of the last one, the other three are the same ones as established by Piore and Gordon. The self-employed secondary segment is comprised of the poorest people, such as shoe-shine boys, professional beggars, street vendors, street sweepers and casual workers. Most of them lack schooling, work on the streets and do not have any legal protection. Others within this segment are: maids (domestic services), servants, gardeners and illegal microenterprises (businesses which do not file income tax claims).

Singer (1975) proposed an alternative division of the market into three sectors, very similar to Calabi's typology: the market segment (similar to the primary of the Dualists), the autonomous segment that comprises small firms and is characterised by individual production for the market and, the subsistence segment, where the product is consumed by the producer.

Souza and Tokman (1975) divided the market into the formal sector and the informal sector for Latin America. Their most important contribution is their description of the informal sector, because, in this instance, the informal sector, comprised mainly of poor people, constitutes an important percentage of the Latin American Labour Market. Interestingly, Souza and Tokman found that the most qualified people from the informal sector are absorbed by the formal sector and that the formal sector transfers its less qualified people to the informal sector. Thus, the influence of the Labour Market Segmentation theory in Latin America is best described through the dichotomous conception of the "formal" and "informal" sectors.

The informal sector is a segment of the economic system that has been debated in the literature of development policy in general, and employment policy in particular, during the last fifteen years. The discussion centred around the real meaning of the term and, even more, on the possibility of applying this concept as a means of promoting employment and economic development. Clarification of the term, thus, is very important, since it has been traditionally treated as a **residual concept** which may explain its heterogeneity and poor practical application.

Part III:
The Theoretical Debate on Educational Structures: A Review

Some social scientists (Denison, 1964, 1971, 1972; Schultz, 1961, 1967, 1968; Becker, 1964, 1967; Thurow, 1970; 1975) have attributed low productivity, low income and unemployment to the lack of education. Thus, the question arises: what are the implications for labour markets' structures in educational planning?

Within the framework of the socio-educational macro-analyses, it is generally accepted that two opposing positions at the theoretical, political and ideological levels exist. On the one hand, from the perspective that emphasizes the human condition as the subject of history, education is an essential component of human practice and, in this sense, creates as it transforms social order (man and his relationships). On the other hand, when viewed from the perspective that emphasizes the human condition as a product of history or somewhat determined by the circumstances, education becomes a social product and, as such, a reflection of the existing order. Tedesco (1984) and Gallart (1986) use the terms **optimistic** approach and **pessimistic** approach respectively to designate each of those positions.

However, the unilateral endorsement of one or the other of these opposing positions can lead one to commit serious theoretical and operational mistakes. In order to avoid following one of these two extremes,[9] it is necessary to take both positions into account and achieve a more dialectical perspective[10].

Optimistic approaches assume that modern society is open, democratic and predisposed to perfection in the sense that its members perfect themselves. In this way, as education enriches and perfects people, it activates the system's innate capacity to evolve and change. In short, this position sustains the view that education is the vehicle for all social transformation and even presents it as the panacea that cures all maladies associated with underdevelopment. This position was developed in Latin America during the 1960s and is still a dominant theory.

---

[9] One extreme, **idealistic/voluntaristic**, negates the social materiality and determinability of man in his relationships. The other, **radical pessimism**, makes man a mere object or thing and mechanically denies his human subjectivity and historical dimension.

[10] A dialectical thought sustains the position that man is the product of his circumstances, or that he is "educated" by the circumstances, and at the same time possesses the capability to act upon such circumstances and change them (Marx, 1845).

Those who maintain the so-called **radical pessimistic approach** affirm that man will change when society's relations of production change. For them, the function of education is unequivocal: it guarantees the status quo and the reproduction of the system (Althusser, 1976). At school, moral norms are taught, i.e., being technical, disciplinary and having a civic conscience (Bowles and Gintis, 1976). Students are also taught to speak and write correctly in order to reinforce differential networks according to the stratification of the social classes (Baudelot and Establet, 1975) and this is developed as a general process of teaching for the social system's reproduction (Bourdieu and Passeron, 1970). Even though this perspective, which originated in the 1970s as a reaction to the optimistic conceptions, has been seriously criticized, it can be said that it has permitted a more appropriate comprehension of the school system's real functions.

Carter (1976), Levin (1980), Carnoy (1981) and Carnoy and Levin (1987) attempted to contribute to the discussion about the nature and functions of education when they proposed the **Correspondence and Contradiction principle** through which they sought to integrate elements from both theoretical tendencies.

This principle affirmed that education complied with the dominant system's reproductive elements while, at the same time, assuming the role of freedom and emancipation.

Suchodolski (1974) asserts that schooling moves at a much slower pace than society. While accelerated transformation can be found in economic life, techniques, the sociopolitical system, man's lifestyle, his developmental rhythm and his aspirations, education continues to transmit old values. Furthermore, while changes occur in professional occupations, considering the roles played by women in socioeconomic and technical levels, cultural diffusion and mass communication, schooling is still rooted in the past.

Bourdieu and Passeron (1970) proposed that the cause of this malfunction was in "the relative autonomy of the educational system". Education adapts, partially and/or superficially, to social changes, but without authentic change internally. There is a contradiction between what it imparts and the ideals education promises. Therefore, a reflection upon education inevitably implies a reflection upon society. The methods, techniques and educational practices are only the instruments of an educational process, but they are defined by the conception itself of society and man (Barquera, 1988).

In the specific field of Adult Education in Latin America, the initial actions carried out were in response to outside initiatives. Whilst the U.S. needed supplies of raw material, at the same time, it was consolidating itself within the region through a "Good Neighbour policy". It was the era (the end of the 1950s and the beginning of the 1960s) of American agencies financing and promoting training and agricultural extension programs. Furthermore, around this time, a number of countries also launched massive literacy campaigns tied in with the anxiety created by agricultural extension, (La Belle, 1986).

The limited results ensuing from these campaigns necessitated a more comprehensive view of the problem. New formulas were tested in Adult Education, especially by UNESCO: Fundamental Education, Community Development, Functional Education and, specifically concentrated upon developed countries, Permanent, Continuing or Lifelong Education (Lind and Johnston, 1986).

At the beginning of the 1970s there was another tendency in Latin America, outside the UNESCO's auspices, that was the result of what has been called "the conscientization of those who conscientize" -a consciousness-raising regarding the oppressive situation and status of dependency of the masses which was designated "Popular Education". Education, when viewed from this perspective, is a moment of praxis, a moment for reflection, the starting point and the end of an action. Popular Education is also an education for development, but what has changed here is the concept of "development" itself. Therefore, the concept of education varies in accordance with the conception of the social reality in which it develops. Consequently, if each of the two theoretical positions in Adult Education is taken separately, a dilemma will persist; i.e., on the one hand, education as an instrument for the training and credentialing of labour according to the modernizing needs of the economic system in order to facilitate individual incorporation into it and, on the other hand, education as a means whereby the oppressed masses are to be liberated.

Nevertheless, a more dialectical position would situate education as an instrument that combines, simultaneously, consciousness-raising regarding the need of a better society and the development of capacities to make this a reality. Education provides a continual tension between the tendency to adapt to "what is" and the tendency to create what "should be".

Within this context, it is necessary that the relationships between education and unemployment (which are complex and multiple, multidimensional, interactive, changing, contradictory and historical) be established. For Ibarrola (1988) there are three basic types of institutions that play a part in educating for work: 1) schools, 2) training and professional education centres and 3) Popular Education, each of these relating to different population segments. There are also other social institutions that carry out employment training processes which have enormous importance due to their impact: family education processes, work experience outside the family nucleus and mass communications.

Generally speaking, investigations concerning the education-employment relationship focus on the effects of attaining a certain level of schooling (be it a basic education, professional education or technical training) as it pertains to obtaining and securing employment rather than the quality of education related to these educational levels. The assumption is that unemployment and underemployment exist because of the scarcity of employable qualities of the labour force; i.e., high levels of unemployment are due to the labour force not having the adequate level and type of education required by the economic system. This presupposes that the educational system is responsible for job training activities, based on the theories that emphasize the economic contribution of the educational system in its correlation with the needs of the productive sector (Blaug, 1970).

Nevertheless, professional development, today, has evolved enormously. Instead of adapting the worker to the specific needs of the technical divisions of work owing to the importance of new technologies, this professional development tends to substitute schooling models of technical and vocational education in which the worker is offered a more complete preparation whereby basic knowledge is coupled with general cultural knowledge (Filp and Corvalán, 1979). Also, the new orientation of professional development systems acts as a tool to set in motion the socioeconomic development policies of the State. Yet, there has been a relative decline in the role played by professional development in industrial work training and a corresponding increase in the urban informal employment generation sphere, in addition to social and economic promotion among the poorest and marginal population groups (especially in the technical and organizational levels of the productive units) (Filp and Corvalán, 1979). The results of this mismatch in economic development has been, in part, blamed on the formal educational system. Therefore, in order to fully understand the terms **Education** and **Training**, as utilized in this research study, it is necessary to describe, in the context of the previous discussion, the functions of education and to incorporate training activities as part of these general functions.

In order to obtain a more complete educational framework, three important educational functions have been delineated: academic-distributional, economic-occupational and the sociopolitical (Pescador, 1982). The academic-distributional function makes education the most efficient means for educational and occupational opportunity distribution. Here the educational system is seen as the main vehicle for promoting social mobility and equality. The economic-occupational function of education consists in guaranteeing higher and better qualifications for the labour force that will enable them to be incorporated more successfully into the labour market. The greater productive capacity of the individuals will be evidenced by the higher rates of growth in productivity, wage increases and better income distribution. Finally, education also has a sociopolitical function, which converts it into an instrument of socialization in order to transmit to students common values, attitudes and norms, while at the same time providing a guarantee of social consensus and the acceptance of demands based on the established social order. In this way, education holds within itself the capacity to strengthen civil society's participation in national political affairs.

Training is connected with all of these functions, but the most direct link it possesses is with the economic-occupational function, since this function provides people with the necessary abilities to be effectively incorporated into the labour force. Training, therefore, plays a major role in creating employable people; however, training as a viable means of learning productive skills and knowledge is not valued in the same way as are traditional approaches to education. Needless to say, it is this aspect of education that produces a more significant role in the lives of those who participate in the Informal Sector.

Educational structures within the UIS

Before considering the role played by education and training in the UIS, it is necessary to define some terms:

Formal Education: Formal education, according to La Belle, is the

> ...institutionalized, chronologically graded and hierarchically structured educational system, spanning lower primary school and the upper reaches of the university. (La Belle, 1986: 2)

In this research study formal education is equivalent to the number of years of schooling.

Thomas La Belle, based on Coombs and Ahmed (1974), defines

Non-Formal Education as:

> Any organized, systematic educational activity carried on outside the framework of the formal system to provide selected types of learning to particular subgroups in the population, adults as well as children. (Coombs and Ahmed, 1974, as cited by La Belle, 1986: 2)

In this investigation, non-formal education is defined as those activities developed in educational settings and/or any non-formal apprenticeship activity which are undertaken by the subjects leading toward employability in the Informal Sector.

Informal Education: La Belle, based on Coombs and Ahmed, defines informal education as:

> ...the lifelong process by which every person acquires and accumulates knowledge, skills, and insights from daily experiences and exposure to the environment. (La Belle, 1986: 2).

For the purposes of this research study, then, informal training and qualifications are all those mechanisms, outside of educational institutions, that are used to acquire or transmit knowledge and abilities.

The different types of education and training - formal, non-formal and informal - are tightly interwoven with production and productivity in the Informal Sector. This relationship is explored by means of the type of education and/or training that was received, be it intentional or unintentional. The two terms, **intentional** and **unintentional**, are described as they pertain to the informal and non-formal education:

Intentional: this term refers to the voluntary and conscious process of transmission/acquisition of knowledge. However, the roles of "student" and "teacher" are not viewed in the traditional form; i.e., the "teacher" does not necessarily have to be certified in order to "teach" and the "student" does not necessarily have to "learn" in the formal sense of the word. Hence, the teaching mechanisms are linked to specific trades or jobs whereby the "student's" intention is to learn and the "teacher's" to teach.

Unintentional: this term refers to the process whereby "teaching" the trade/job is not proposed overtly, but, in practice, does serve as a mechanism for learning. In this case, the role of the "teacher" or "instructor" is not clearly defined whereas the role of the "student" is assumed without the student being cognizant of his/her role as such. In other words, learning takes the form of "learning on the job".

The following diagram of the kinds of relationships that can be establishe by formal, non-formal and informal education depicts t complexity of education in the Informal Sector:

Type of learning	Type of education		
	I ormal (A)	Non-formal (B)	Formal (C)
Intentional (A)	AA	AB	AC
Unintentional (B)	BA	BB	____

It is assumed at the most common educational processes among the members o the Informal Sector are those which are characterized as:) informal -intentional (AA) and 2) informal - unintent nal (BA).

The two types f non-formal education and/or training that are not as pr alent in the Informal Sector (AB, BB), have a relatively i ignificant impact on production and the success of these oductive units. Of these two types, intentional non-fo al educational programs (AB) will have more impact than t se which pertain to unintentional non-formal educational ograms (BB).

Finally, it c be assumed that formal education will have the least amou of impact on the Informal Sector; i.e., that the number years of formal education do not necessarily corres nd to more economic and/or productive success.

Part IV:

The Impact of the Theory of Labour Market Segmentation on Educational Planning.

There are three main arguments for including this theory in the discussion of the relationship between education and production:

i) there is a convergence and parallelism between the first formulations of the Labour Market Segmentation Theory in relation to the 'dualism' of the labour market and the current Latin American theories of dualism in the formal and informal sectors in creating urban employment (Souza and Tokman, 1978);

ii) this theory has been used as a reference framework in several international comparative studies in which empirical data for Latin America has been found (Carnoy, 1980); and

iii) this theory has permitted reflection upon the implications that labour segmentation has on educational planning (Carnoy, 1980), on the "credentialism" phenomenon and on the general pattern of educational development (Dore, 1977).

The results of different econometric studies done in some developing countries with regard to labour market segmentation show that there are vast differences in income, working conditions, labour stability, creativity and autonomy in the job, etc., between the different segments of the labour market (Carnoy, 1980). Studies done, particularly in Less Developed Countries, have shown that the differences between segments are deeper and wider than those found in industrialized countries. This supports one of the main hypothesis of the segmentation theory that the differences in the labour market are generated by the characteristics of the occupations, that is, by the demand side, and not by the endogenous attributes of the labour force, including its educational components (Human Capital).

Given these vast differences between the occupational segments in developing countries, it is possible to affirm, from a labour market segmentation perspective, that the efforts to improve the educational level of the workers have had a very limited effect on the income distribution. At the same time, one of the basic assumptions in planning educational expansion in developing countries, particularly in Latin America, is that "more schooling corresponds to more productivity" and, consequently, a better income distribution. The assumption is that more productivity is created when there are more educated people who are considered to be more employable, thus, alleviating the problem of unemployment (Psacharopoulos, 1989). This occurs because unemployment is viewed, not as a structural phenomenon, but as a temporary problem due to the qualitative "mismatch" between labour supply and demand.

The Theory of Labour Market Segmentation questions these premises and gives rise to different interpretations with regard to the relationship between education, income, employability and economic development. The main theoretical conclusions of the Labour Market Segmentation approach are the following:

1. The relationship between schooling and income does not depend upon the educational attainments of the labour force but rather on its placement in an specific segment of the labour market. Therefore, an educational increment does not necessarily lead to an equalized income distribution among workers, especially among those who are more exploited. Instead, the income distribution depends primarily on the differential distribution of jobs and the levels of remuneration of the different occupational segments (between public and private sector and between monopoly and competitive enterprises) (Carnoy and Levin, 1985).
2. Governmental policies are more efficient in equalizing income distribution than educational policies or training programs. These policies only affect or influence the educational features of the

labour supply but do not change the supply level itself.

3. With regard to the employment problem, the theory of segmentation proposes that achieving lower rates of unemployment and underemployment in developing countries is not attained through high rates of economic growth, more schooling or aligning curriculum to the characteristics of the occupational structure, but, rather, through state policies addressed directly to the improvement of the labour supply especially in those sectors of high unemployment (Carnoy, 1980).

In summary, the theory of Labour Market Segmentation proposes that the employment problem and its relation to education is explained by the nature of the labour market and not by the characteristics of the labour force.

In order to understand why people are unemployed it is important to examine the nature of the labour market --not how education or schooling respond to certain pre-requisites required by employers. Employment or unemployment is not a function of the level of education in the labour force, but, rather, of economic and social factors. Thus, raising the level of education will not necessarily reduce the level of unemployment but may increase the employability of labour.

Unemployment depends on several factors: distortions in the labour market (wage legislation, unions, government hiring-firing constraints), maximizing the return of capital rather than maximizing the employment of labour, and/or a "mismatch of the skills produced by the educational system with regard to the requirements of the labour market" (Carnoy, 1981: 17).

To understand the nature of the labour market requires a study of:

1) its occupational structure and its internal differentiation in relation to the income distribution pattern among the different occupational categories;
2) the educational prerequisites necessary for access to certain occupations;
3) the "real" qualifications required for the jobs and
4) the size of the employment supply and its social and geographical distribution.

An alternative strategy for implementing change, based on the knowledge of all the aspects mentioned above, would suggest that one must also look at the characteristics of salary policy, control of the role of educational credentials in the labour market, decentralization of supply services, public employment programs, etc. At the same time, in order for change to occur within the educational system, qualitative innovations within the process of teaching and learning must be achieved by passing the functional linkage which is often related to learning and work. Should these changes not occur, the educational-employment relationship remains mainly political and not technical or economic. This situation becomes more apparent in the case of non-formal education.

The limited data available with respect to non-formal education indicates that graduates of this type of education fall into different employment structures and income opportunities from those who have been given formal education. Furthermore, non-formal and formal education are not interchangeable. Apparently, employers consider those with non-formal training less desirable (employable) than those with formal schooling. Some researchers have indicated that non-formal education can be successful only if it is accompanied by a corresponding local program to directly employ the recipients of such training (Coombs and Ahmed, 1974).

In summary, as Carnoy (1985) would suggest, contradictions in society are manifested by contradictions in the State which becomes a stage for conflict between the dominating and the dominated classes. Within the State there are two dynamic forces, the democratic and the reproductive.[11] Consequently, education, as a part of the

---

[11] The reproductive dynamic of the state consists in reproducing the capitalist's relations of production, legitimizing business ideology, the capitalist separation of intellectual from manual work to give the intellectual experts the control of production, etc. The democratic dynamic is the

State, reflects that contradiction. On the one hand, there is the dynamic to reproduce the unequal, hierarchical relations of the capitalist workplace while, on the other hand, education represents the primary force for expanding economic opportunity for subordinate groups and the extension of democratic rights (Carter, 1976). In all of this, the State plays a crucial role, because, whenever it acts, it can support

i) the consolidation of the hegemony of capital owners or

ii) the organization and political power accumulation of the working classes (Carnoy and Levin, 1985).

Thus, the Theory of the Labour Market Segmentation constitutes an interpretative framework that helps in making better political decisions about education and employment.

In the case of Mexico, research studies on the social effects of the Mexican educational system show that it has expanded very quickly in the last thirty years. Enrollments during the period of 1958-1976 increased by 300% while the population growth (those of age to be enrolled in each level) increased by 200% (Muñoz Izquierdo, 1973; CEE, 1970-1988).

---

result of the demands and political pressures of social movements against the control of experts; i.e, the use of knowledge for reproduction and to maintain that the state produces knowledge to protect the public and extends democratic participation over private production (Carnoy and Levin, 1985).

The results of several studies for Latin America and Mexico revealed the following situation:[12]

a) Popular sectors (low social classes) with low levels of education faced an inadequate labour force absorption by the labour market. In spite of educational expansion, there was a high rate of unemployment that affected people who had at least some primary schooling. Some figures illustrate this phenomenon. In 1982, 50% of the occupied population in Mexico were involved in the modern or industrialized sector, while the remaining 50% were in the so-called "informal sector" (Centro de Estudios Educativos-Fundación para el Apoyo de la Comunidad, 1986).

b) The middle classes have received more education than in the past and, with these new higher levels of education, have acquired the opportunity to access occupations that required less education. There was no correlation between the type of graduates and the real job descriptions. Employers would prefer a highly educated person for a job regardless of whether the qualifications were needed for that job or not. This promoted competition among students to become more educated but did not necessarily increase productivity.

---

[12] See Schiefelbein, E., "Educación y Empleo en Diez Ciudades de América Latina" in Revista del Centro de Estudios Educativos (CEE) Vol. 8, Num 3, 1978; De Moura y Castro, C., "El Mundo de la Escuela y el Mundo del Trabajo ¿Coexistencia Pacífica?" Revista del CEE, Vol. 8, Num 2, 1978; Muñoz Izquierdo, C., "Expansión Escolar, Mercado de Trabajo y Distribución del Ingreso en México", Revista del CEE, Vol. 4 Num 1, 1974; Muñoz Izquierdo et al., "Educación y Mercado de Trabajo" Revista del CEE, Vol. 8 Num 2, 1978; Tedesco, J.C., "Educación y Empleo: El Caso del Sector Industrial Argentino", Revista del CEE, Vol. 9 Num 1, 1979; Filp, J., and Corvalan, O., "Algunos Antecedentes sobre la Capacitación Escolar para el Sector Informal", Revista del CEE, Vol. 9 Num 4, 1979; Schmelkes, S., "Educación de Adultos y Productividad Rural", Revista del CEE, Vol. 13, Num 1, 1983; Ibid "Un enfoque de la Investigación Empírica sobre la relación entre Educación, Productividad e Ingreso en el caso de México", Revista del CEE, Vol. 14 Num 1-2, 1984; Ibarrola, María de, "Hacia una Reconceptualización de las Relaciones entre el Mundo de la Educación y el Mundo del Trabajo", Revista del CEE, Vol. 18 Num 2, 1988.

c) The upper social classes have received the more valuable educational opportunities in the labour market and have, thus, obtained a more concentrated share of the income.

In summary, these studies have concluded that access to and permanence in the educational system have not been distributed equally. The upper and upper-middle classes have received the benefits of educational expansion, especially those who live in urban sectors and in geographical regions with a correspondingly relative high development. Furthermore, academic achievement of the pupils corresponds to the social status or geographical zone, namely, the higher the social class, the higher the achievement. Further, academic inputs (teachers, classrooms, buildings, pedagogic and technical resources, etc.) correspond directly to the socioeconomic status of the pupils resulting in higher drop-out rates among those pupils from low socio-economic status.

One can infer from the results of the aforementioned studies, that the educational system does not promote equality; rather, it creates an inequality emanating from the present social structure. In essence, educational expansion has contributed to creating a more unequal society, where incomes are more highly concentrated than before and where the lower classes are unemployed or caught in economic activities which are low in productivity.

Part V:

A Framework for Analysis: Towards a Typology for Understanding the UIS in Mexico City

Since the beginning of the 1970s numerous articles and books have been written about the Informal Sector[13]. Massive funds have been spent on research, surveys and empirical studies about the Informal Sector, especially in Africa and Latin America. The three main conclusions derived from all these studies made by specialists in the field were summarized by Tokman (1987). First, the Informal Sector is heterogeneous; second, it has a *differentiated* relationship with the formal sector and, third, the Informal Sector is *not* capitalistic, meaning it does not rely on surplus-value generation and capital accumulation.

---

[13] Some examples are: Hart, 1973; Souza and Tokman, 1976; Raczynski, 1977; Moser, 1978; PREALC, 1978; STyPS, 1975, 1976, 1985; Tokman, 1978, 1987; Hugon and Deble, 1982; Bromley, 1985; Morice, 1985; Cartaya, 1987; CEESP, 1987; Ferman, 1987; Gerry, 1987; INEGI, 1988; Lautier, 1989; Roubaud, 1990.

The Urban Informal Sector definition in this thesis is that it consists of a wide variety of urban occupations in developing countries that can be characterized as having three-tier employment systems: A) marginal service activities B) self-employed and C) larger units (with no more than five workers) requiring a low level of technology and management. The first are highly competitive service activities from the tertiary sector, ranging from street vendors to garbage collection and from street entertainers to shoeshine boys, where sellers deal directly with buyers of services. People from the second group do not have markets for hired labour, they are self-employed individuals and occasionally have the family support. The last group (C) are slightly more complex organizations, including small manufacturers, inexpensive food shops, repair places, etc., where it is possible to hire labour (Jagannathan, 1987; STyPS, 1985). This is the basic and essential working definition. Elements from other definitions which concentrate in the immediate and local characteristics of the Urban Informal Sector are the following
(ILO, 1972; ENEU, 1976; PREALC, 1978; INEGI, 1989):

a) most of them are concealed from the state accounting system and are largely unregistered
b) they operate on a small scale basis
c) their technical demand are minimal because their

technology is simple

d) they are labour intensive, requiring little capital

e) the labour force does not require high training levels and they acquire their specific abilities outside the schooling

f) they lack social and health care benefits

g) they do not have formal labour contracts

h) they are not affiliated to labour unions

i) they are locally based, with face-to-face trading relationships

j) consequently, these units are characterized by low levels of productivity and

k) they generate an income that usually does not meet the basic needs of the population that works in or, owns them.

One aspect, however, that does demonstrate a distinct relationship between the Formal and Informal Sector, is the concept of labour segmentation. In Part II of this Chapter, industrial development is discussed and how it has created differentiated or segmented forms of access into the labour market in general. Interestingly enough, this segmentation has penetrated the Informal Sector in addition to influencing the creation of certain types of segmentation within it. In a study done in 1988 (Sáenz) in Mexico City, a three-tier segmentation was found, briefly described as follows:

Level I: Transitory. In this segment of the structure one finds people that do anything that is needed to survive, their activities are considered transitory and ephemeral. As a consequence of the recent economic crisis in Mexico, these activities have spread all over Mexico City. The streets are inundated with hundreds of thousands of street vendors, "merolicos" (a combination of trickster, witch doctor and fortune teller who promises all sorts of things), street musicians, street photographers, shoe-shiners, paper boys, car-window cleaners, clowns, mimists, stuntmen, acrobats, beggars, car-washers, fire-eaters, and many other street-side occupations.

These people are engaged in what constitutes "marginal" activities. Because their families cannot fulfil their basic needs with these activities, other family members are forced to involve themselves in these "marginal" activities to obtain more income. Normally, these activities (done by women, young people and children) last only one day and income yields from them are extremely low. Thus, these people do not have any opportunity to reinvest and/or accumulate money since they do not have a reliable means of work. They are an available labour force with no place to go, creating the visibly "unemployed".

It is possible that this segment characteristic of the Informal Sector has led some researchers to assert that this sector is, generally, the first place where the arriving rural migrants go, creating a "mask of underemployment" or a kind of "unemployed refugee" from the formal sector. This certainly is the **segment** of the Informal Sector that correlates negatively with the Formal Sector; i.e., when there is unemployment in the formal sector, more employment in this specific segment of the Informal Sector is created. Due to the transitory nature of the people working in this segment, no studies or statistics are available, making their identification all the more difficult to affirm.

Level II: Self-employed. This segment relates to the self-employed, generally people who have developed certain special attitudes towards micro-enterprises. Often, they have tried to reinvest profits they have obtained through the operation of the business, i.e., capital, raw materials, work specialization and/or innovations. Their main goal is to obtain economic profit acquired through the personal interest and the skills and/or training acquired by the head of family. To develop their trades as seamstresses, shoemakers, craftsmen(women), caterers, "small shops" (local vendors), etc., they have acquired, at least, the basic tools for developing a means of work. Most of the people in this level are regarded, in official statistics, as self-employed or managing family enterprises. Their own home is their workplace and they do not hire wage workers. Their level of income ranges from 1.5 to 3 times the official minimum wages (INEGI, 1988).

Level III: Owner-Master. The people in this segment, named the Owner-masters, are considered established micro-entrepreneurs. They have a certain amount of knowledge regarding the market, follow a very simple process of accounting and reinvest their profits with the intention of maintaining or developing and expanding the business. Furthermore, some of them have employees and/or workers in addition to the participation of family members. Thus, they have wage-workers and non-wage-workers, though the former are often casual workers depending on the season or market demand.

The owners of these businesses are, themselves, workers; however, the owner's income is, in contrast to that of their workers, generally, more than three times the minimum wage. Acquisition of machinery and equipment implies that they possess a business mentality. In essence, these people are self-sufficient to the extent that they can comfortably make ends meet.

The analysis of the data will be carried out through this framework as it provides a means of attaining a better understanding of the internal dynamics of the UIS.

Summary

The main characteristic of the labour market, then, is its high and growing internal differentiation among its occupational segments th respect to salaries, social benefits, labour cond ions (level of autonomy and responsibility) and educ ional and ascriptive requirements, i.e., age, gender, race, etc., as is demanded and expected from each segment. These re-requisites are needed to obtain employment and create i ernal labour markets that act as educational, ascriptive nd organizational barriers to the labour force mobility tween the different occupational segments. Consequently, the creation of qualitatively different labour market , which correspond to different occupational segments, i reinforced.

Labour segmentatio develops at two different and complementary levels:

i) the labour segm tation within the productive unit or intra-organ ational segmentation which is expressed in its neral form as the division between intellectua work and manual work and, more particularly, the s gmentation between managerial and professional occupations, technical, administrative, upervision and control occupations; and ma ual labour or those directly involved in product n;

ii) the labour segmentation between the occupational level already mentioned but now depend on the produ ive sector of the economy and the productive uni s (inter-sectorial or inter-organizational segmentation). This type of segmentation corresponds, in general terms, to the growing economic, organizational and technical differentiation between the modern sector (monopolistic, dominant, mostly composed of foreign capital) of the economy, the competitive sector integrated by local, small and medium, firms (which, in most cases are dependent on the modern sector) and the vast sector composed of artisans, family units and self-employed with low productivity in which more than half of the Economically Active Population of Latin America is employed (Souza and Tokman, 1978).

Access to the most privileged and best-paid segments of the labour market is determined by the type and level of schooling obtained in which educational credentials are established as the necessary prerequisites to social and occupational mobility. In other words, employers use the level of schooling as a necessary requirement for access to the highly differentiated and hierarchical labour markets, giving schooling a very high economic and social value. Furthermore, it makes schooling the most important and determining element of the growing social demand for education. Yet, not only is the demand, but also the type and level of education, dependent on the value ascribed to schooling in the labour market (Dore, 1977).

These three theoretical assumptions of the Labour Market Segmentation approach reject any direct relationship between education, productivity and income as the Human Capital approach maintains.

Within this framework the vast Informal Sector, composed of microenterprises, family units and self-employed, rests at the very bottom of the interorganizational labour segmentation hierarchy (Souza and Tokman, 1978). During the 1970s, the international institutions, such as the ILO and the World Bank, used the term "Informal Sector" to describe those urban occupations that allowed millions of people that were not absorbed by the formal enterprises to subsist. This approach, based on the dual concept of the economic structure and the labour market, showed an optimistic perspective about the development possibilities of Third World countries. There are still important differences in the description and characterization of the Informal Sector; and it is difficult to determine the origin and precise meanings of the terms used by different authors (irregular, underground, hidden, sunken, unofficial, etc.). Existing literature refers to four interpretations of the Informal Sector that respond to different theoretical positions, namely; Structural, Neo-Marxist, Populist and Neo-liberal.

Education plays an important role within the development of the UIS. There are two approaches to studying education: optimistic and pessimistic. Optimistic approaches declare that education is the means for social transformation and socioeconomic development. For those who maintain a pessimistic position, education guarantees the status quo and the reproduction of the system (Bourdieu and Passeron, 1970; Baudelot and Establet, 1975; Althusser, 1976; Bowles and Gintis, 1976). For others, education complies with the dominant system's reproductive elements at the same time that it plays the role of an instrument of freedom and emancipation (Carter, 1976; Carnoy, 1981; Carnoy and Levin, 1987; Giroux, 1983). Adult education is conceived as a dialectical movement that develops consciousness-raising about a better society as well as facilitating the capacities to make this possible. Within the framework of the functions of education, professional development and training are directly linked with the economic-occupational function of education (i.e., ensuring higher and better skills for the labour force in order to be absorbed by the labour market). The different educational structures, formal, non-formal and informal (be they intentional or unintentional), are closely related to production and productivity in the UIS.

Finally, a typology of the UIS in Mexico City provides a framework for analysis of the data: a) the transitory, engaged in marginal activities. b) The self-employed, generally people who have developed personal abilities and/or training; c) the owner-masters, considered established microentrepreneurs, some of whom, have wage-workers in addition to family members while they are, themselves, workers.

In the next chapter, on research design, the sample selection and the techniques used in data analysis as they pertain to the study of the UIS in Mexico City within the theoretical framework of the Labour Market Segmentation theory and education as a means of economic and social well-being, are presented.

CHAPTER THREE

RESEARCH DESIGN

Introduction

This study is exploratory-descriptive in nature in that its purpose is to identify the key explanatory variables from among a large number of possible ones in an evolving area (Blalock, 1970). In this regard, it is through exploratory-descriptive research that new ideas, insights, techniques and suggestions are formulated for future use.

> An important feature of an exploratory-descriptive study design is the fact that it does not "prove" anything --that is, a theory or an hypothesis. The primary importance of this design lies in its ability to provide a detailed description of an analysis of social phenomena which is usually undertaken to clarify some theoretical question, to "try out" a new conceptualization of a phenomenon, or to provoke new perspectives. (Pannu, 1973: 100)

The above involves using both quantitative and qualitative techniques as a means of better understanding the UIS.

Until recently, social researchers had stressed the importance of numerical data, implying that only scientifically validated language should be used in statistics (Blalock, 1970). However, qualitative_ research, as an alternative form of investigation, offers another empirical dimension in order to ascertain and express social reality.

There is no single standardized analysis or agreement as to what qualitative analysis means. For some authors (Darroch and Silver, 1982; Van Manem, 1990) qualitative analysis is "a human science research approach" that is "phenomenological, hermeneutic, and semiotic..." For others (Fals Borda, 1981; Schutter, 1981; Yopo, 1981) qualitative analysis means participatory research for transforming social reality. These two main strains of qualitative research do not take into account other means of qualitative research such as the ethnographic and grounded theory methods.

A number of recognized social scientists (Guttman, 1944; Kaplan, 1964; Blalock, 1968, 1970; Castells, 1971) claim that a combination of quantitative and qualitative methods will offer more and better possibilities for studying social phenomena. In this view, the terms "quantitative" and "qualitative" are not antagonistic; rather they are complementary methodologies that, in a certain theoretical framework, can and should help to discover, comprehend and transform social reality.

In qualitative research, one can view this transformation by the mechanisms of observation, dialogue, and the participation of groups and individuals in retrospective and introspective activities (Smith and Louis, 1982; Herriott and Firestone, 1983). Together, these applications will offer a different means for analyzing such aspects of reality as social relations, processes of production or cultural aspects.

Using a qualitative approach, transcripts derived from an interview sample can provide insights into the informal sector in Mexico City. In this research study, elements from different perspectives are applied to provide an integrated and comprehensive approach to the study of education and the informal sector, with personal and social elements as intervening variables. However, the question arises, "how does a qualitative approach offer a different perspective to social research?"

The accepted research paradigm, in attempting to generate scientific knowledge in social sciences, tends to follow a basic sequence: (1) the social scientist begins with the assumption that people should be observed as objects of research, i.e., people are not viewed as being affectively involved in the research process; they become "things"; (2) survey research scientists usually design instruments for data collection (questionnaires, interviews, polls, surveys) that control the process of gathering data; (3) sophisticated code-books are created to assign values to the characteristics (variables) of the objects under study; (4) statistical procedures are applied to these variables in order to determine the probability and/or significance of the data. From this, (5) conclusions are reached with regard to the process, usually attempting to forecast and predict behaviours, and theories of social behaviour are developed. While no one disputes the value of these types of studies, one must take into account that people are more than "objects". In fact, they are the "living process" behind any given social reality. Thus, in order to demonstrate this dynamic process, qualitative research must describe the more personal aspects of a social group.

In social research it is important not to confuse methodology with techniques. In qualitative analysis, instruments or techniques play a subordinate role in controlling the process of gathering "data". Research tools, then, should depend on methodology and theory which must control the process of collecting data. Datum means something "given" or "granted" to us in everyday life (Van Manem, 1990: 54), but not necessarily mediated, i.e., it is not possible to capture through any means (quantitative or qualitative) the "lived" experience itself. As Van Manem (1990) states:

> All recollections of experiences, reflections on experiences, taped interviews about experiences, descriptions of experiences, taped interviews about experiences, or transcribed conversations of those experiences are already **transformations** of those experiences." (p.54)

One must consider, then, that data that are collected through instruments or techniques do not in themselves explain the dynamics of the social process; rather, it is from an epistemological and theoretical position that the data are transformed and interpreted into an expression of this living and dynamic process.

In qualitative research, the role of theory and methodology are very important (Darroch and Silver, 1982). The interview, as an instrument for collecting data, may have different purposes depending on the discipline of the theory that supports the study. For example, in psychology the interview allows social scientists to delve into an examination of how individuals see themselves and others. In ethnographic studies, one views different characteristics of cultures and cultural groups. In sociology and anthropology, one studies how people think or feel about certain problems in society and in the hermeneutic-phenomenological human sciences, one develops a better understanding of the meaning of the human experience. Consequently, there are no code-books to label variables; instead, it becomes a systematic interpretation about how people think and feel about themselves.

Instead of applying statistical techniques to the information already collected, qualitative research defines themes or topics of interest according to the methodology adopted. What really matters is not how many people gave the same answer, but the meaning and interpretation derived from the answers given by the people. Finally, qualitative research is empirical in the sense that it is based on experience as well but does not seek to offer generalizations or predictions of social behaviours (Miles and Huberman, 1984).

In this study, the interviews were intended to promote the peoples' participation in the process of knowing more about themselves in order to establish what the reality of the informal sector was for them, how they perceived the reasons of being part of the UIS and how the different aspects of the informality known by them were interrelated. The knowledge obtained through this method, which is also empirically grounded (Van Manem, 1990), provides an alternative means of viewing the informal sector.

In addition, the interview served as a pedagogical instrument that permitted the interviewees to reflect on the present, through an historical review of their lives, as well as the future development of their economic units, their families and the role education and training had played in their lives.

This investigation is composed of: 1) Data Collection Methods and 2) Data Analysis Methods particular to this study.

Part I:
Data Collection Methods

Two research instruments were used to compile information addressing the objectives of the investigation --a questionnaire and an in-depth interview. To clarify the analysis of results derived from the two instruments, those who answered the **questionnaire** are designated as "surveyed" and those who responded to the **in-depth interview** are referred to as those "interviewed". Furthermore, in this study the terms, "unit", "microunit", "economic unit", "productive unit" and "microenterprises" are considered as interchangeable when referring to the UIS.

A. The Questionnaire

Design of the Questionnaire

The first instrument used to carry out the field work was a questionnaire devised by El Centro de Estudios Educativos (Educational Research Centre, CEE) [1] in Mexico City, composed of 197 questions containing 416 variables (of which only three questions and three variables were related to education and training). It was pre-arranged, by the researcher and the CEE, that this questionnaire was to be administered to 600 units. For the purposes of the present study, this researcher designed and added 29 questions and 30 variables relating to education and training.[2] This amplified version of the questionnaire was administered to 300 of the 600 units and became the total sample used for this research study. Thirty three of the questionnaires administered were rejected because they did not comply with the established selection prerequisites described later in this chapter. Consequently, the number of questionnaires analyzed for this research totalled 267. In the analysis of the data pertinent to this study, 63 questions and 71 variables were selected from the amplified version of the questionnaire (Appendix 2). Thirty four questions and 41 variables were part of the original CEE questionnaire and the remainder were designed specifically by the researcher for this study.

---

[1] The CEE sample consisted of 600 microenterprises in the Mexico City metropolitan area.

[2] It is important to clarify that the researcher first outlined a research study on the Informal Sector in 1987 when he was director of the Promoción de Empleo y Educación Comunitaria (Employment Promotion and Community Education) office of the Fundación para el Apoyo de la Comunidad (FAC) [Community Support Foundation] in Mexico City. The researcher presented the project to several national and international agencies for funding. Shortly before he came to the University of Alberta (July 1988), an international institution agreed to fund the research project. Consequently, in 1988, the responsibility for conducting the research was given to the Centro de Estudios Educativos (CEE) [Educational Research Centre]. Although the **purposes** of the researcher's project and those of the CEE's did not totally coincide, an agreement was established between the FAC and CEE, in which the researcher participated in the **whole** research process from the design of the questionnaire to the data collection. Therefore, although not all the questions were created by the researcher, the **analysis** and **conclusions** are original.

In the selection of the questions and variables to be used in the analysis of data particular to this study, it was necessary to take into account the different theoretical assumptions, the aspects of the description of the UIS assumed in this study and the variables and indicators through which one could understand the UIS. Educational indicators were included that covered knowledge and business ability as well as the individual's educational formation process whether it was formal, informal and/or non-formal.

Furthermore, it was necessary to look for those elements that could show the relationships between the formal and informal sectors. To demonstrate the existence of these relationships, questions were selected regarding the relationships between the units and their suppliers and clients. Legal and administrative indicators such as regulations, taxation paperwork and the obeying of laws pertaining to work were included, as a means of ascertaining the practical implications of these units. Questions relating to the form in which these units function in terms of organization, accountancy and internal personnel relationships were also included to determine how the micro-economic aspects were expressed through the operation of these units. Finally, in order to determine the market value and net profit of the units, indicators were considered such as operational expenses, cost prices, savings, assets, etc., as a means of obtaining this information.

Four versions of the original CEE questionnaire were used during the pilot test in which the feasibility of the field work survey was approved.[3] The first application of the questionnaire (which took almost four hours) was considered too lengthy when it was perceived that those surveyed tended to become fatigued after the first two hours. Consequently, it was decided to reduce the time involved in the survey process. The second version revealed that many questions were not understood by those surveyed, so these questions were either modified or eliminated. The third version was administered to 300 units and, finally, the fourth version, including questions about education and training, was administered to the other 300 units of the sample.

---

[3] The researcher participated in the whole research process specially in the administration of the questionnaire containing the educational and training variables.

Selection of the Sample

In general, the UIS population, i.e., the members who pertain to this sector, is comprised of workers whose existence and development depend essentially on their own and familial labour, although in this study some of them eventually hired wage-workers. It is assumed, then, that workers of the "informal sector" are involved in capitalist relations of production as workers, as owners, or in a complicated mixture of owner-worker producers which makes it difficult to affirm the existence of capital accumulation in the informal sector. Consequently, this population has the following characteristics:

a) People whose activities are considered transitory and ephemeral (street vendors, fire-eaters, car window cleaners, etc). Most of them are women, young people and children.

b) Wage workers who earn less than the official minimum wage, lack social welfare, have casual employment, and work more than 48 hours a week. Very often they are not protected by Federal Labour Laws.

c) "Independent workers" or "Self-employed" (single-personnel microunits) who do not hire wage workers and are, therefore, dependent on their own labour and means of work for their income.

d) Owners of multiple-personnel microenterprises (with family members and/or hired wage workers) who produce goods and services or are engaged in commercial activities without becoming a formal capitalist enterprise.

In general, the economic units of (d) as well as those of (c) operate on the fringes of fiscal, labour and commercial laws that regulate the activities carried out by these units.[4] With this basic framework for the selection of UIS units, the questionnaire based its sample on those characteristics described in c) and d).

The following set of criteria were also used in selecting those surveyed.

a) their productive units had a low operative capital investment and, in the case of multiple-personnel units, a similarly low investment in wages; i.e., the wage level of the workers was very low

b) their workforce did not require highly qualified labour

c) technical demands on their economic units were low. The tools used were, generally second-hand

d) a large number of these microenterprises were seasonal

---

[4] This does not mean, however, that these activities are criminal ones.

e) only a few workers were employed by the multiple-personnel units.

Based on these characteristics, further restrictions regarding the selection of the 300 surveyed microunits were set out:

a) only the owner of the economic unit was to be surveyed;[5]

b) microenterprises had to be in a field specified by the questionnaire. Units involved in i) the sale of foodstuffs, clothing, cosmetics, accessories, toys, home decoration articles, spare parts; ii) repair services, transportation services; and iii) the production of food, furniture, clothing, toys and home decoration articles;

c) subcontractors were excluded because they were considered an extension of formal businesses; and

d) productive units with more than 10 workers were excluded as well, since these numbers exceeded the criterion of a micro-enterprise.

The distribution by Municipal Council Area was based on living standards and per capita income of the areas. Surveyors concentrated on areas such as downtown Mexico City where commerce abounds and microunits averaged an income between one and two minimum wages. However, such criteria were flexible so that a reasonable distribution per city zone could be obtained. Table 1 shows the final distribution.

---

[5] This study focused on the units characteristics and their owners.

TABLE 1
PERCENTAGES OF QUESTIONNAIRES ADMINISTERED PER REGION[6]

Municipal Council and Zone	No.of surveys	%
State of Mexico (Metropolitan area):	6	2.0
Northern Zone (Atzcapotzalco, G.A. Madero):	36	12.0
Southern Zone (Coyoacán, Xochimilco. M.Contreras, Tlalpan):	60	20.0
Eastern Zone (Iztapalapa, Iztacalco):	68	22.7
Western Zone (A.Obregón, M.Hidalgo):	64	21.3
Central Zone: (B.Juárez, V.Carranza, Cuauhtémoc):	66	22.0
TOTAL	300	100.0

The respondents in the economic units were divided into two types: single-personnel (self-employed) and multiple-personnel. The single-personnel units were those microenterprises in which one single individual carried out all the unit's functions. Multiple-personnel units were those microenterprises in which the family, partners, or salaried personnel were partly responsible for the unit's functions. However, during the coding process it became necessary to separate the multiple-personnel units into two separate categories: one in which only family members (parents, sons and daughters, cousins, uncles and aunts, nephews and nieces) participated and a second category in which only salaried unrelated personnel were involved.

---

[6] The tables used in this chapter are for descriptive purposes only and do not reflect an analysis of the data.

Since the informal sector is vast, only the most representative business activities were taken into account, i.e., those involved in the areas of commerce, production and services. In this regard, those productive units that operated as subcontractors were excluded as they pertain mostly to the "maquiladora" system, which is obviously utilized as a subset of the formal sector.

Specific sampling quotas for the kinds and types of each microenterprise (single or multiple-personnel units) were determined according to the established categories. The decision was made so that single/multiple personnel units were to be selected in equal numbers, but the results showed a discrepancy. The final distribution (Table 2) was: 100 single personnel (37.5%) and 167 multiple personnel (62.5%). Of the latter, 55 were made up of family members (20.6% of the total sample) and 112 in which the participants (apart from the owner) bore no relationship to the family (41.9% of the total sample).

TABLE 2
TYPE OF BUSINESS

	N	%
Single personnel	100	37.5
Multiple personnel	112	41.9
Multiple personnel (Family only)	55	20.6
TOTAL	267	100.0

The distribution shown in Table 3 was made in terms of business category, in accordance with the incidence of the population in each of the different categories.

TABLE 3
BUSINESS CATEGORY

Type of business	N	%
Commerce:		
Food	34	12.7
Clothing	21	7.9
Cosmetics & accessories	9	3.4
Toys	7	2.6
Home decoration articles	7	2.6
Spare parts	12	4.5
Services:		
Repairs	63	23.6
Transport	35	13.1
Manufacture:		
Food	36	13.5
Clothing	14	5.2
Furniture	8	3.0
Toys	1	.4
Home decoration articles	11	4.1
Others	9	3.4
TOTAL	267	100.0

In terms of gender, 72% of the sample were males and 28% females (Table 4). More than two thirds (69.2%) were born in Mexico City and less than one third (30.8%) came from other states (Table 5).

TABLE 4
GENDER

	N	%
Males	192	71.9
Females	75	28.1
Total	267	100.0

TABLE 5
PLACE OF BIRTH [7]

	N	%
Mexico City	182	69.2
Other regions	81	30.8
Total	263	100.0

This data was obtained through the face-to-face administration of a three hour-long oral questionnaire. Respondants' answers were recorded on the code sheets as the answers were given.

Gathering of the Data

As part of the preparation of the CEE's field team, a three day training course was set up by the researcher and the CEE. Members were made aware of the magnitude of the survey to be administered and the importance in gathering the data accurately using the questionnaires. The team was also alerted as to the type of people surveyed and how they should be treated. In addition, the questionnaire was reviewed in depth with blocks of questions being analyzed in terms of the objectives of the study.

---

[7] The total number of valid questionnaires in this study was 267; however, as some questions were not answered by those surveyed, these answers were considered as missing cases. Percentages were calculated on the total number of answers given.

Field work commenced on August 1st, 1989 with a total of 11 people conducting the survey. Because of the difficulties in finding the interviewees in their work places and, in order to comply with the established schedule, it was necessary to hire additional personnel, thus during the second week, three more people joined the team and during the last week a fifteenth was added before the survey was concluded on September 8th, 1989. The field work team was deployed according to Municipal Sectors, except for the largely rural Council Areas corresponding to Cuajimalpa, Milpa Alta and Tláhuac (Table 1).

Part of the sample was drawn from a list of UIS units provided by Fundación para el Apoyo de la Comunidad (Community Support Foundation, FAC)[8]. The field team encountered many problems in terms of contacting these people. In many cases the subjects thought that the interviewers were visiting them on behalf of the FAC in order to secure loan repayments. Interviewers also found that addresses often corresponded to bankrupt businesses, unknown streets or non-existent street numbers thus, only 36 of the FAC-listed subjects were located and surveyed.

---

[8] This is an institution that works with people engaged in the informal sector in the Metropolitan area of Mexico City. In 1987, this project was designed with the purpose of providing technical support to the activities that Community Support Foundation (FAC) was carrying out in order to promote and generate employment among the people who belonged to the informal sector. In 1988, FAC gave the funds and the responsibility for conducting the research to Educational Research Centre (CEE).

It is also important to note that the personnel carrying out the survey were free to choose their subjects, aside from those provided by FAC. The subjects were usually selected from the same working zone because the business was visible to the public at street level or because people living in the area gave referrals regarding small workshops, street vendors, door-to-door salespeople and repair and service workers.

B. The In-depth Interview

Design of the Interview

The purpose of this in-depth interview was to provide an internal profile of the informal sector by supplying details on the perceptions, expectations and so on, of members of the UIS regarding their present and future life style. Furthermore, by using the in-depth interview as a qualitative instrument, it was possible to provide a complementary approach to the quantitative aspect of this research.

Two basic lines of inquiry guided the development of the interview. First, the interviewees were invited to reflect about the origin of their business (when, why, how, who, etc.). Second, the interviewees were invited to think about the importance, within the context of the historical framework already developed, of the educational and training elements in the economic success of their units as well as the recommendations they could suggest from their own experience as the value of education and training. The interview guide (found in Appendix 3) was used solely as a springboard to initiate the interviews. As such, an unstructured approach was used as means of allowing the interviewees the freedom to express themselves in natural and reflective dialogue.

Selection of Sample

The UIS population in Mexico City, as was mentioned in Chapter Two, is comprised of three types of segments of the Informal Sector: a) those who are engaged in transitory and ephemeral activities, b) Self-employed and c) Owner-masters. As the questionnaire sample (those surveyed) was only based on the selection of those units with the characteristics described in b) and c), it was also necessary to explore the characteristics of that informal population described in a), i.e., those considered as "marginal" in order to develop a more comprehensive characterization of the Urban Informal Sector (UIS) in Mexico City. Therefore, in order to provide a more complete picture of the UIS in Mexico City, the in-depth interview was administered to self-employed, owners of multiple personnel units and to those people who were engaged in transitory or ephemeral activities of the UIS.

Administration of the Interview

This researcher interviewed 46 people during January, February and March of 1990. Thirty-one of those interviewed (representing a selection of 10% of the 300 CEE questionnaire) were used in the first sample. The other 15 people, from the very marginal sector (level I) within the UIS, were selected directly from the street. They were categorized placed/categorized in this level because of the type of activity they were engaged in (e.g. fire-eaters, car window cleaners, street vendors, acrobats, mimists, clowns). The division of those interviewed is depicted in Table 6.

TABLE 6
SEGMENTS OF THE INFORMAL SECTOR

Level	N	%
I Transitory	15	33
II Self-employed	27	58
III Owner-master	4	9
TOTAL	46	100

The in-depth interviews were administered in-person and tape-recorded. It is important to note that the interviewees were asked by the researcher for permission to use their answers in the text of a doctoral dissertation. These data were fully transcribed from the taped interviews so that common experiences in terms of the main characteristics of these members, their labour history, and education and training, could be analyzed.

Part II:

Data Analysis Methods

The questionnaire was used to obtain the quantitative aspects of the research. This entailed a statistical analysis, based on frequency counts of the coded data, in which the economic units were classified in terms of their level of economic success. Using contingency tables and percentage analysis, the differences in economic success were analyzed as to their type of legal, educational and organizational characteristics. From this analysis, a more or less clear picture emerged as to the kind of relationship that exists between the informal sector and various variables: 1) gender, 2) original birthplace, 3) age, 4) type and level of education, 5) income, 6) economic success, 7) kinship within the productive unit, and 8) size of the productive unit.

The in-depth interviews began with an informal conversation as a means of gaining the interviewees' confidence. They were asked such questions as: "What is your name?", "Where are you from?", "Are you married?", "How many children do you have?", etc. The primary focus of the 46 interviews, however, was intended to derive the subjects' self-perception, their socio-economic origin, labour history and, especially, the value they placed on the educational and training components in the economic success of their productive unit.

The analysis of data obtained from the two research instruments described in this chapter indicates the main characteristics of the UIS in Mexico City from two different but complementary approaches: one quantitatively and the other more qualitatively oriented.

CHAPTER FOUR

ANALYSIS OF THE DATA

Introduction

The first part of this chapter outlines the general characteristics of the Urban Informal Sector (UIS) in Mexico City based on frequency analyses and comparisons between variables tabulated from the data of the **questionnaire**. The second part is an analysis of the **in-depth interviews** described within the framework established by the general characterization discussed in the first section. In the last part the implications of informal teaching/learning processes are discussed.

Part I:

General Characteristics of the UIS in Mexico City

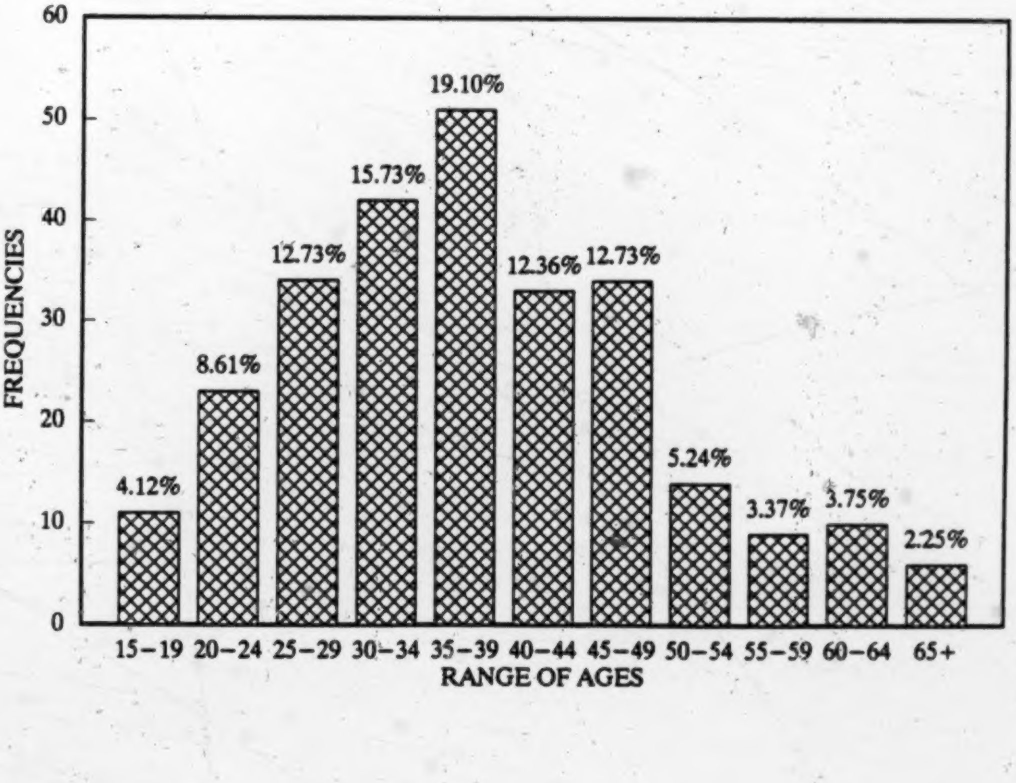
The description of the main characteristics of 267 people surveyed in various parts of Mexico City is divided into two parts according to the different statistical techniques utilized. The first part is based on the observation of frequencies of the main variables, such as: gender, age, schooling, birthplace, years of residence in Mexico City and legal status. The second part uses cross-tabulations focusing on the relationships between pairs of variables that were selected based upon the observation of characteristics representing educational and/or economic aspects.

A. The Main Socio-demographic, Educational and Economic Features of the UIS in Mexico City

Of the people surveyed 71.9% (Table 4) were males which contrasts with other studies done about the UIS (STyPS, 1976; PREALC-OIT, 1978) in which the UIS was composed mostly of women. A possible explanation for the differences in the results is that, in the last decade, a real change in the participation of the male population in the urban informal labour has appeared due to high levels of unemployment in the formal sector. This situation has caused women to be put at a disadvantage with respect to men, not only in the formal labour market, but in the informal labour market as well. However, as will be discussed later, the participation of women in the urban informal labour market is still important, especially as it relates to some specific business activities.

In terms of age (Figure 2), more than 70% of those surveyed were within what labour statisticians call, the "productive age" group, from 25 to 49 years of age, which differs from those studies (PREALC-OIT, 1978) that affirmed that the UIS is composed mostly of young (under 25 years old) and old people (more than 55 years old). As in the case of gender, this situation can be explained in the context of the development of the industrialization process of Third World Countries, characterized by the intensive use of high technology and an abundant labour force. This, together with massive migrations from the rural areas, has created an excessive supply of labour which is not absorbed by the formal sector, thus creating unemployment. As there is no other alternative for survival, this population has to become self-employed in the informal sector. Consequently, this situation affects the labour situation of workers in a differentiated manner, over a period of time, depending on the age.

FIGURE 2
AGE

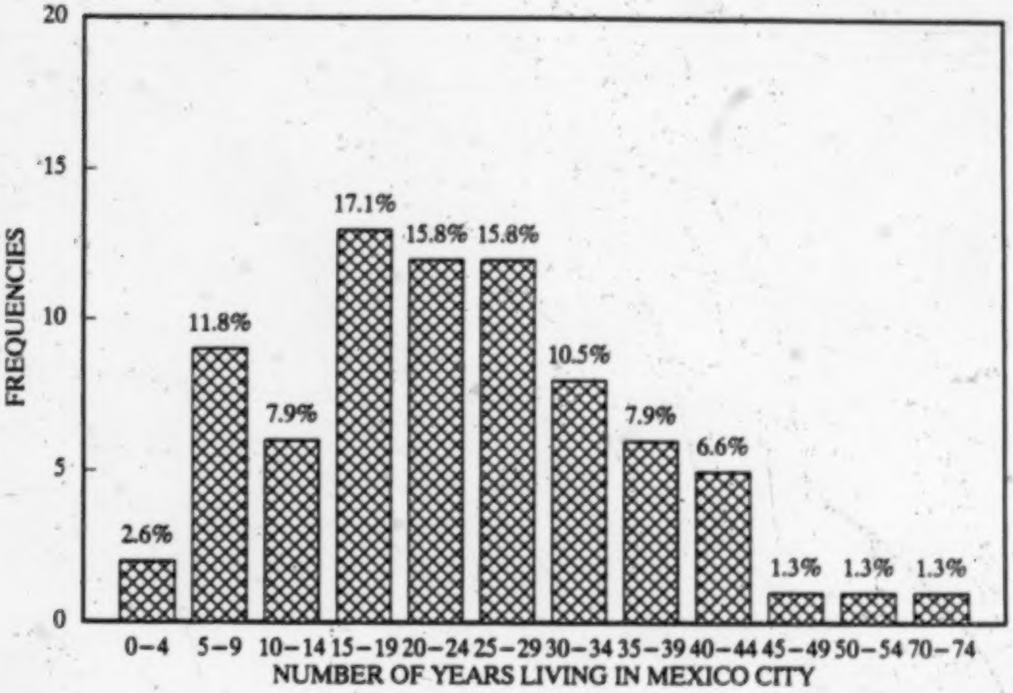


Of those surveyed, 69.2% were born in Mexico City and only 30.8% came from other areas (Table 5). In the latter group, the majority came from small cities and towns (86.4%) and only a few (13.6%) came from state capitals (Table 7). More than half of those who were not born in Mexico City (56%), migrated there between 1960 and 1980 (Figure 3). Interestingly, there are a number of social scientists who have traced the onset of the Mexican economic crisis, where carelessness in agricultural production and the failure of the import substitution model are marked, as beginning around the middle of the 1960s. However, the manifestation of the economic crisis was not observed until the beginning of the 1980s. If one assumes the position, that the most critical period of the country-to-city migration began around the late 1960s and continued through to the 1980s, the survey information supports the notion that factors relating to unemployment led to this movement into the informal sector.

TABLE 7
TYPE OF BIRTHPLACE OF SURVEYED

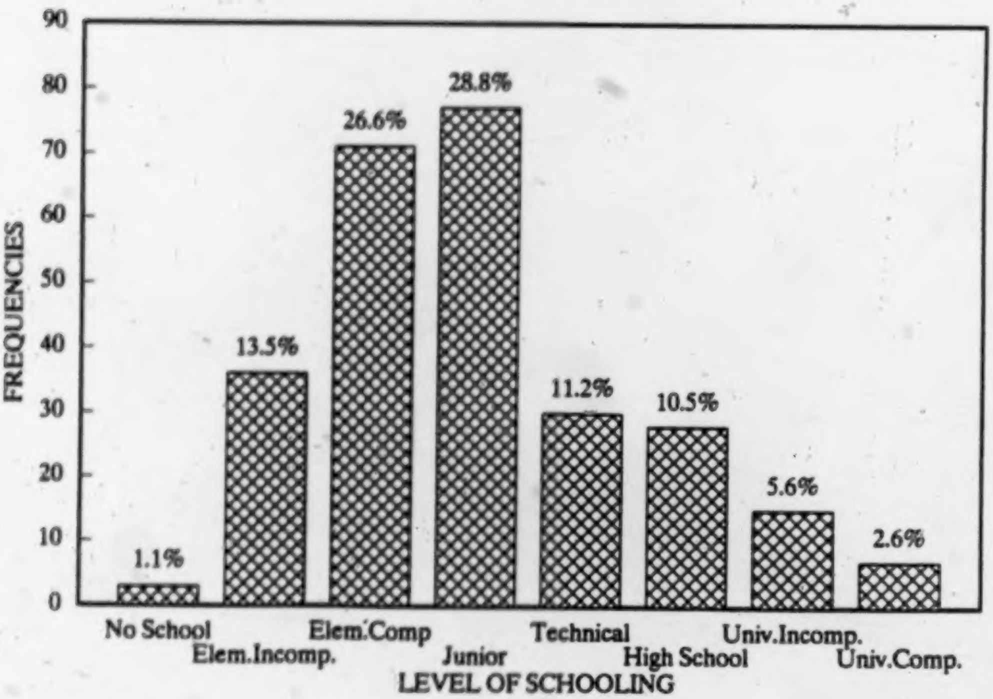
	N	%
State capital	11	13.6
Small city	37	45.7
Town	33	40.7
TOTAL	81	100.0

FIGURE 3
NUMBER OF YEARS LIVING IN MEXICO



With respect to the sample's level of schooling (Figure 4), one can see that the majority of the people surveyed (66.6%) had completed either primary school education (26.6%) or secondary school (28.8%) (complete or incomplete) and/or had technical studies (11.2%). This contradicts the results and conclusions from some other studies (such as the Souza and Tokman, 1976 and PREALC-ILO, 1978) that the majority of people who make up the urban informal sector are illiterate or possess minimal schooling. In the context of Mexico, however, these higher levels of schooling may be attributed to an ever increasing access to education and the greater number of students remaining in school.(SEP, 1989)

FIGURE 4
LEVEL OF SCHOOLING ATTAINED



Only three of the people surveyed (1.1%) declared that they had not had formal schooling, which does not necessarily mean that they did not know how to read or write or that they were totally uneducated. Tables 8 and 9 show that only one person declared he/she did not know how to read and three did not know how to write.

TABLE 8
ABILITY TO READ

	N	%
Yes	264	99.6
No	1	.4
TOTAL	265	100.0

TABLE 9
ABILITY TO WRITE

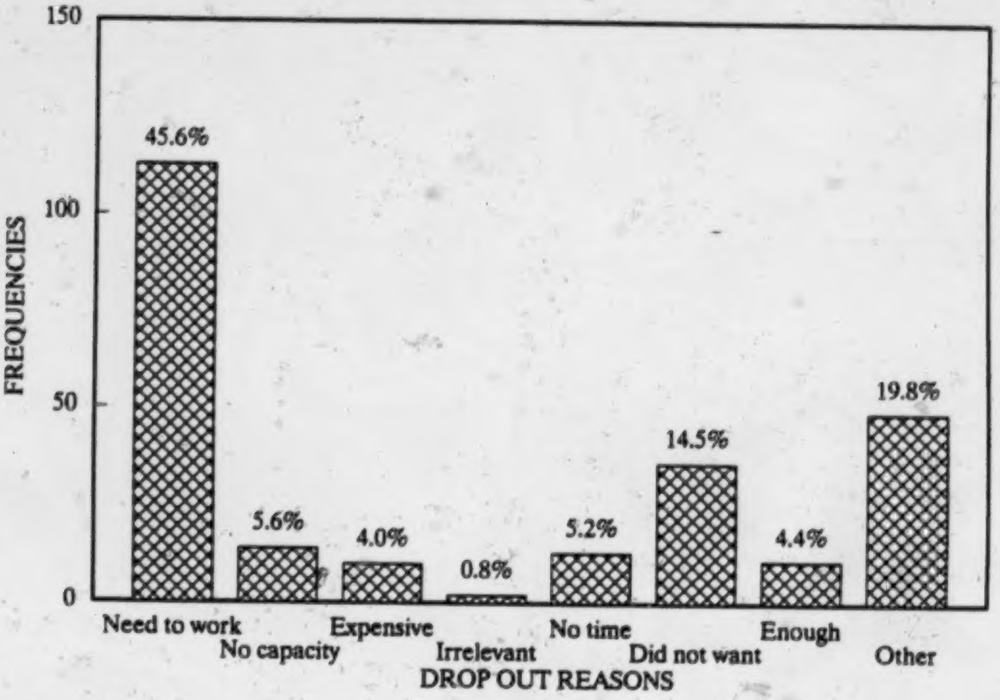
	N	%
Yes	262	98.9
No	3	1.1
TOTAL	265	100.0

When one contrasts this with the extremes, 14.6% having not completed their elementary school education and 18.7% having studied at the high school and/or university level, one can see that the majority do have higher levels of education that was previously believed not to be the case in the UIS.

There is not, however, sufficient evidence to make inferences or to establish conclusions as to why this pattern exists; however, it can be seen that there is a tendency for people with moderate levels of schooling to enter the Urban Informal Sector. Longitudinal studies of a longer nature are necessary to define the causes for these movements. Among other factors, consideration could then be given to the possibility of a tendency towards work autonomy, a tendency for the labour market to become more heterogeneous, the inability of the economic system to absorb the available workforce and the complexity and globalization of division of labour as a means of understanding these high levels of schooling.

When questioned as to why they left school, 45.6% replied that they needed to work in order to obtain income to maintain their families (Figure 5). This further emphasizes that the reasons for premature termination of their formal education were economic or structural in order to survive. Only 14.5% said they had left because they did not like school and 19.8% gave other reasons: ideological, cultural, religious or, gaps in the local infrastructure (no schools in the region, no teachers for every classroom, no school supplies, etc.). Therefore, the perception that educational levels in the informal sector border on illiteracy does not pertain here, since high levels of schooling were evident; however, those members who had left school and not completed their education, did so for reasons other than a lack of interest in education.

FIGURE 5
REASONS FOR LEAVING SCHOOL



With reference to the work training of those surveyed (Table 10), only a small portion (24%) declared that they had received training, while 76% had no specific business training at all.

TABLE 10
BUSINESS TRAINING

	N	%
Yes	63	24
No	200	76
TOTAL	263	100

Almost 73% stated that they possessed a trade (Table 11) and of these, 73.2% had learned their trade before starting up their business, while the remainder had done so during the course of their business activity (Table 12).

TABLE 11
NUMBER OF SURVEYED POSSESSING A TRADE

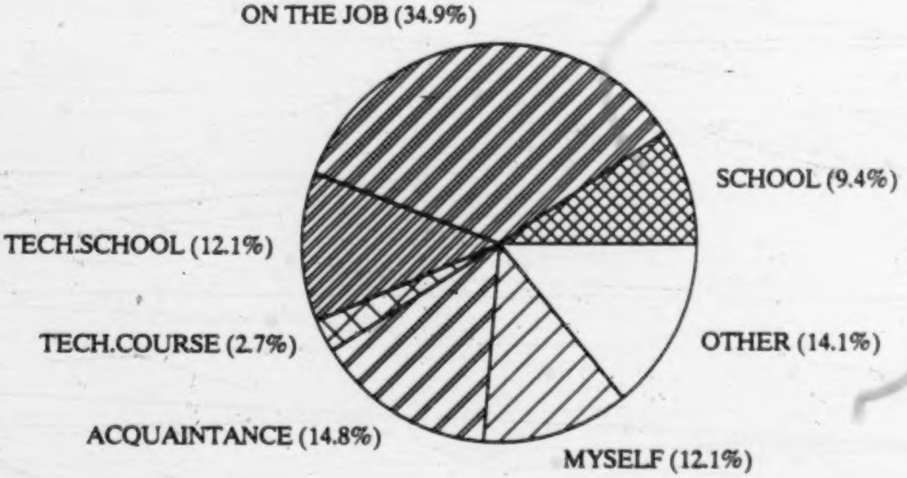
Possess	N	%
Yes	194	72.7
No	73	27.3
TOTAL	267	100.0

TABLE 12
NUMBER OF SURVEYED POSSESSING PREVIOUS TRADE

Previous trade	N	%
Yes	142	73.2
No	52	26.8
TOTAL	194	100.0

The most important item here, in terms of the present study, is the fact that only 24.2% learned their trade at school or at a technical training institution (Figure 6), which coincides with the UIS characteristics described by ILO (1972), Weeks (1973) and Sethuraman (1976), namely that UIS workers acquired their qualifications outside the formal educational system. This indicates, on the one hand, the necessity of developing new forms of worker training outside the formal system and, on the other, the need to review aspects which are, as the results demonstrate here, being under-utilized such as promotion of programs and modification of the curricula of current work training services.

FIGURE 6
PLACE WHERE TRADE WAS LEARNED



The fact that the majority learned their trade on the job is related to the fact that more than 30% possessed the skills of more than one trade (Table 13), possibly due to mobility within job positions and the performance of different tasks within the work place. About two thirds (69.2%) of the respondents also carried out activities directly linked to the trade they had learned (Table 14). The majority of those who answered that they did not use their earlier training in their current business said they could not make a living from that trade, which in turn prompted them to learn a new one.

TABLE 13
NUMBER OF TRADES POSSESSED

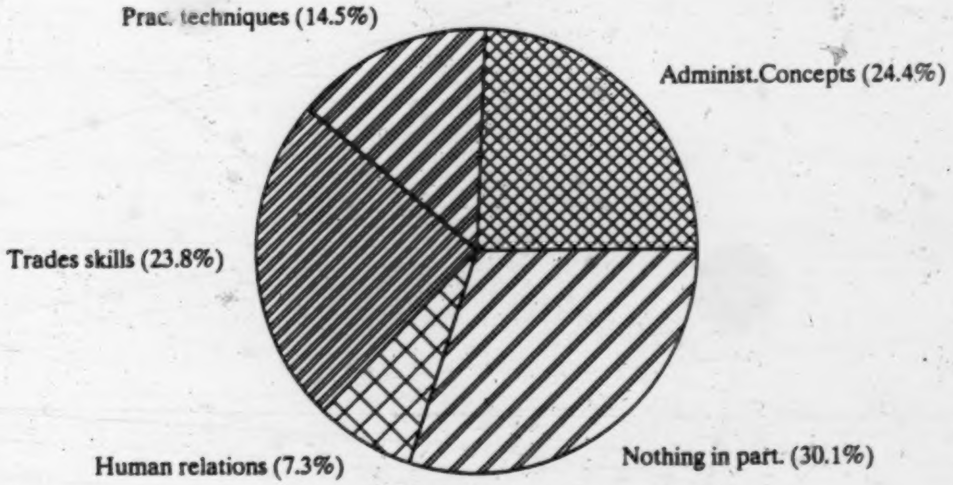
Number of trades	N	%
One	132	67.7
Two	39	20.0
Three	24	12.3
TOTAL	195	100.0

TABLE 14
SAME TRADE AS BUSINESS

	N	%
Yes	153	69.2
No	68	30.8
TOTAL	221	100.0

It is interesting to note that 30% stated that there was nothing in particular that they would recommend to be taught in training schools, but 24.4% did recommend teaching aspects of sales and administration and 38.3% of them mentioned trades and techniques (Figure 7)-. One can assume here that the majority of those surveyed learned their trades on the job and valued only the practical aspects of schooling.

FIGURE 7
RECOMMENDATION FOR INSTRUCTION IN SCHOOLS



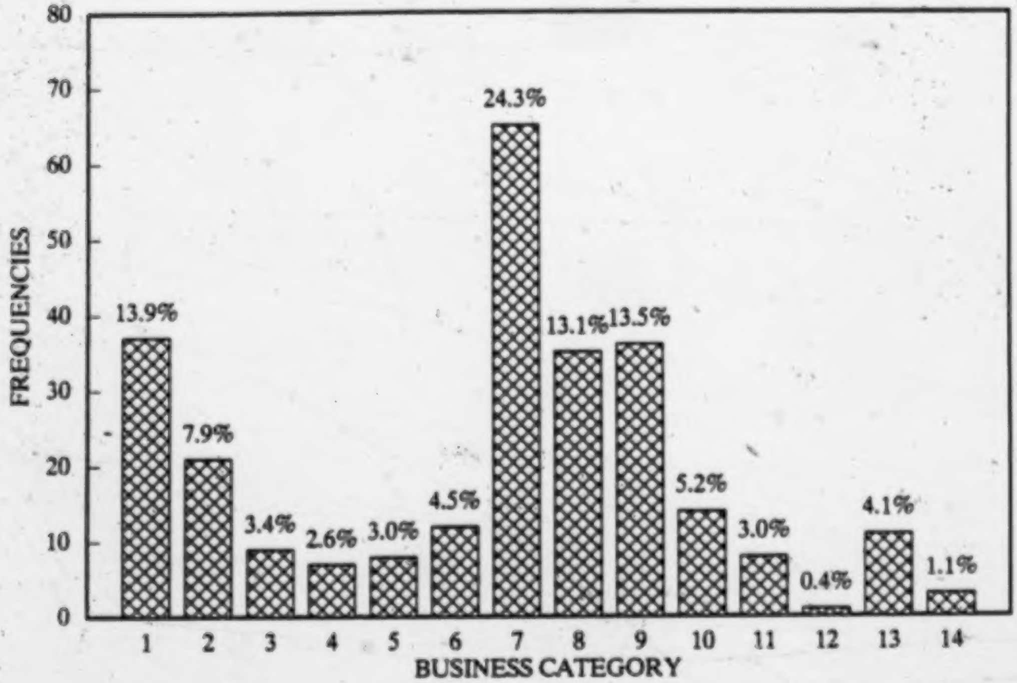
As to the question of whether more study would result in greater business success (Table 15), the responses were almost evenly divided (48% said "yes" and 52% said "no"). The similarity in the results could be due to the ambiguity of the question or a direct result of the personal experiences of those who have had a higher level of schooling and were doing well in business.

TABLE 15
PERCEPTIONS REGARDING STUDIES VS. ECONOMIC SUCCESS

More study=more success	N	%
Yes	100	47.4
No	111	52.6
TOTAL	211	100.0

One can observe that the units surveyed were predominantly in the areas of repair services, food production and passenger transport services (Figure 8). The absence of general production is important to note as this area was poorly represented in the sample. This may be explained by the fact that many people who carry out manufacturing services do not have a public business address; rather, they work out of their own homes, making their presence difficult to detect.

FIGURE 8
BUSINESS CATEGORIES



1. Food business
2. Clothing business
3. Cosmetic business
4. Toy business
5. Home accessories business
6. Hardware and parts business
7. Repair services
8. Transport services
9. Food production
10. Clothing production
11. Furniture production
12. Toy production
13. Home accessories prod.
14. Other

Apart from this, business categories can be grouped into four larger branches: production, repair services, commercial activities and transportation. Of the four groups, commercial and repair service microenterprises predominated (Figure 9). However, it is important to mention that there is a significant percentage (26.2%) of manufacturing productive units. Within this framework, the majority of the businesses were multi-personnel (62.5%), of which 20.6% were exclusively family-owned businesses (Table 2). It should be noted that the majority of these multi-personnel businesses (86%) had one or two salaried workers (Figure 10), which is consistent with the characterization of the Urban Informal Sector (PREALC, 1978), indicating that these microenterprises do not have more than five workers. The majority of the workers (72%) did not have a work contract (Table 16) and the majority (89.2%) of those who did had an oral agreement, while only a few (10.8%) had a written confirmation (Table 17). This further reduced the number of people who replied "yes" to having some kind of established contract (25.8%), which falls into line with the definition of the UIS given by ENEU (1976), confirming that one of the characteristics of the UIS is the lack of formalized contracts.

FIGURE 9
BUSINESS CATEGORIES, BY GROUP

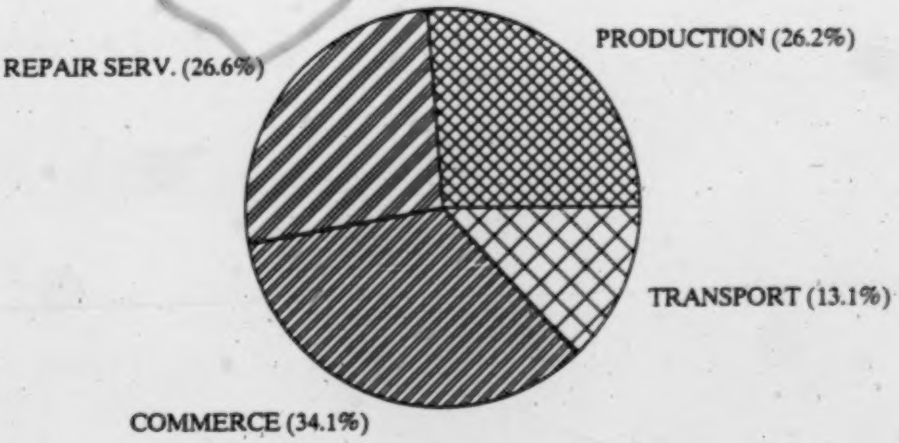


FIGURE 10
NUMBER OF WORKERS IN BUSINESSESS

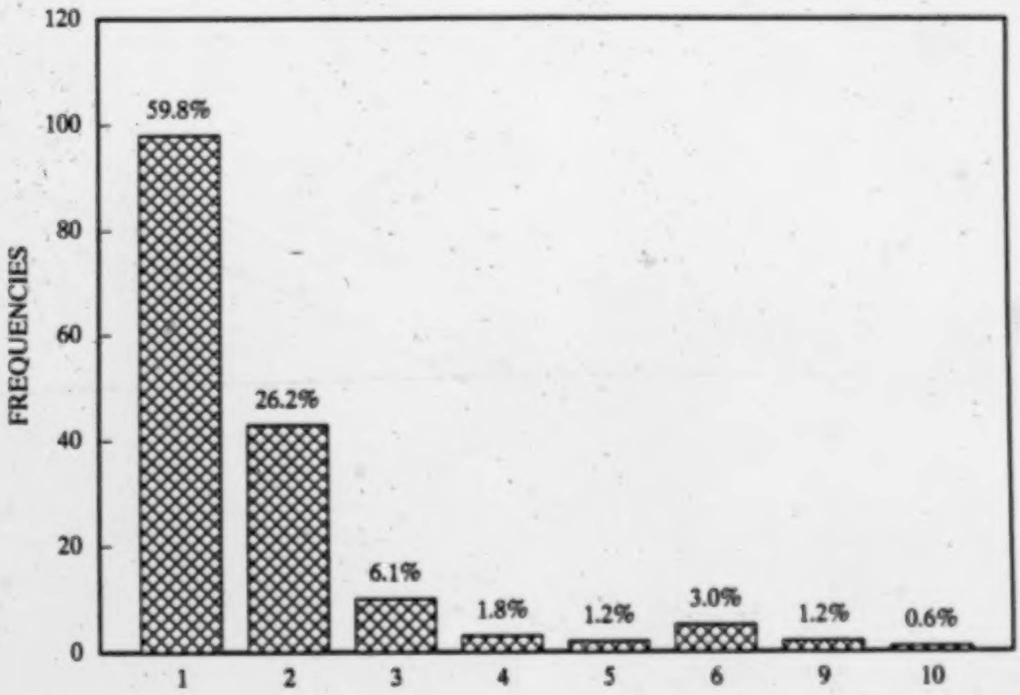


TABLE 16
STATUS OF WORKERS IN BUSINESSES

Have work contract	N	%
All	41	25.8
None	114	71.7
Some	4	2.5
TOTAL	159	100.0

TABLE 17
TYPE OF CONTRACT POSSESSED BY WORKERS IN BUSINESSES SURVEYED

	N	%
Written	10	10.8
Oral agreement	83	89.2
TOTAL	93	100.0

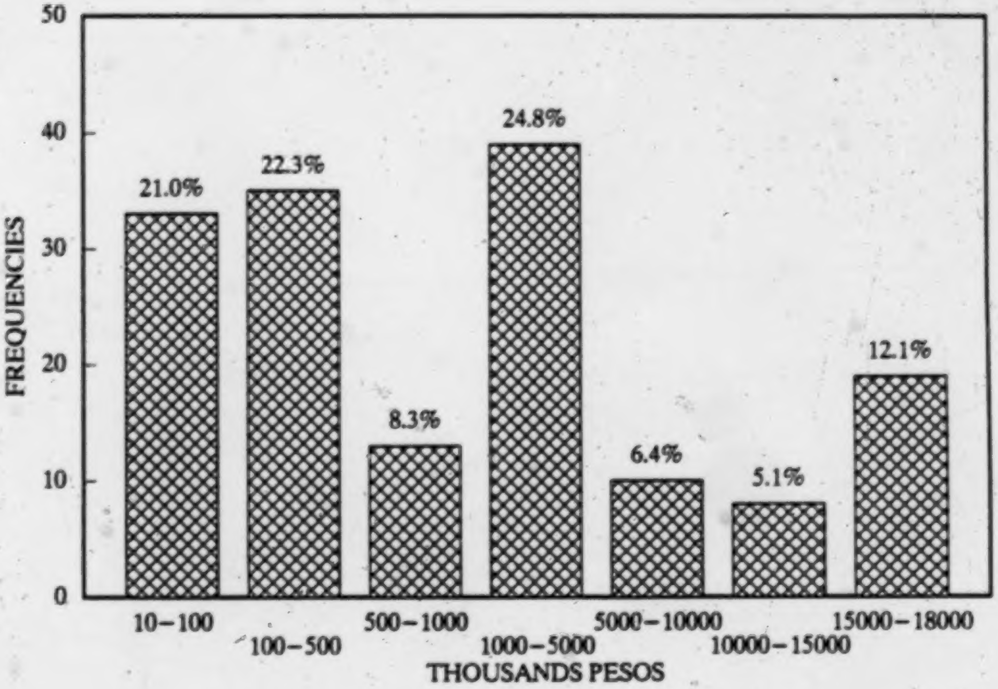
In addition, the majority of salaried workers in these units (67.5%) did not have medical or fringe benefits (Table 18) set down by law (vacations, Christmas bonuses, pension plan, loans, adequate income, etc.) This further confirms the definition maintained by ENEU (1976).

TABLE 18
MEDICAL BENEFITS POSSESSED BY WORKERS IN BUSINESSES SURVEYED

	N	%
Yes	47	29.9
No	106	67.5
A few	4	2.6
TOTAL	157	100.0

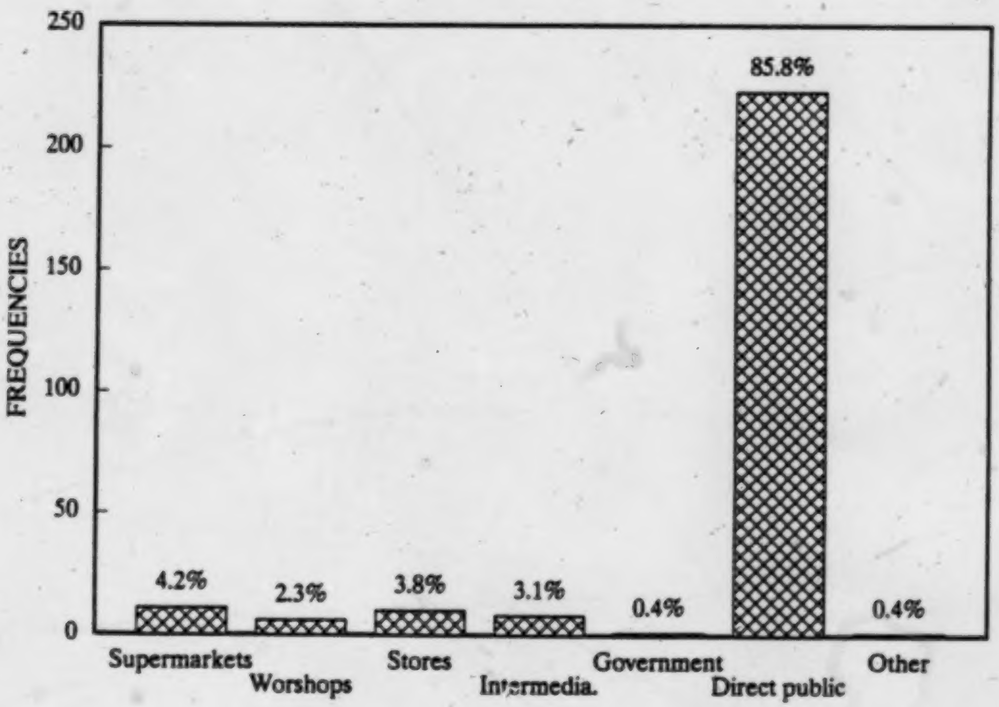
When looking at the financial aspects of these businesses, the following characteristics evolve from the study: a little more than half (51%) of these units had capital invested in fixed assets from one up to three times the minimum wage. A little less than half (49%) had reinvested from $500 to $8,500 Canadian dollars of their earnings into their business (Figure 11).

FIGURE 11
FIXED ASSEST INVESTMENT OF BUSINESSES



In terms of the distribution and the sale of services and/or products, the majority of the units (83.5%) sold directly to the general public, which could be due to the fact that most activities are concentrated in the areas of commercial and service enterprises (Figure 12). However, manufactured products and passenger transport services were also offered directly to the public. These results reflect the theoretical interpretations given by ILO (1978) in which informal economic activities have some autonomous capacity to generate income gains.

FIGURE 12
TYPE OF CLIENTS OF BUSINESSES



Most of those surveyed perceived an improvement in their current earnings since starting up their independent operation. About 54% affirmed that they were better off now, 27.2% said that things were about the same and only 4.9% said that they were worse off than before (Figure 13). The reply "better off than before" indicated not only economic success due to higher income, but also implied more autonomy, independence, personal development and family integration along with other aspects of more value than simple economic well-being. It can also be seen from Figure 14 that 19% saved more than 10% of the profits earned while about half (50.6%) did not save anything at all. This does not imply that the businesses had not improved their earnings, but rather showed an increased tendency towards saving. A tendency to maintain the status quo, to remain in the same pattern and not to grow or develop in a "capitalistic" way, was also indicated. The fact that these businesses are not accumulating capital does not, in any way, imply that these businesses are static. Rather, because they do in fact employ people, it demonstrates the dynamic nature of this sector and its function within the entire economic system as producers of goods and services, employment promoters and an important means of informal, "on the job training" centres. However, it is still necessary to conduct further research to demonstrate that this "'dynamism' and 'accumulation' are not necessarily connected" (Lautier, 1986).

FIGURE 13
PERCEPTION OF ECONOMIC SITUATION

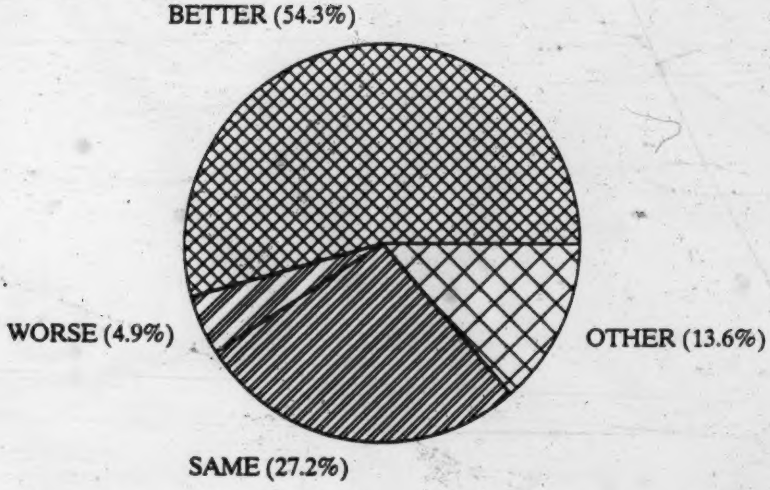
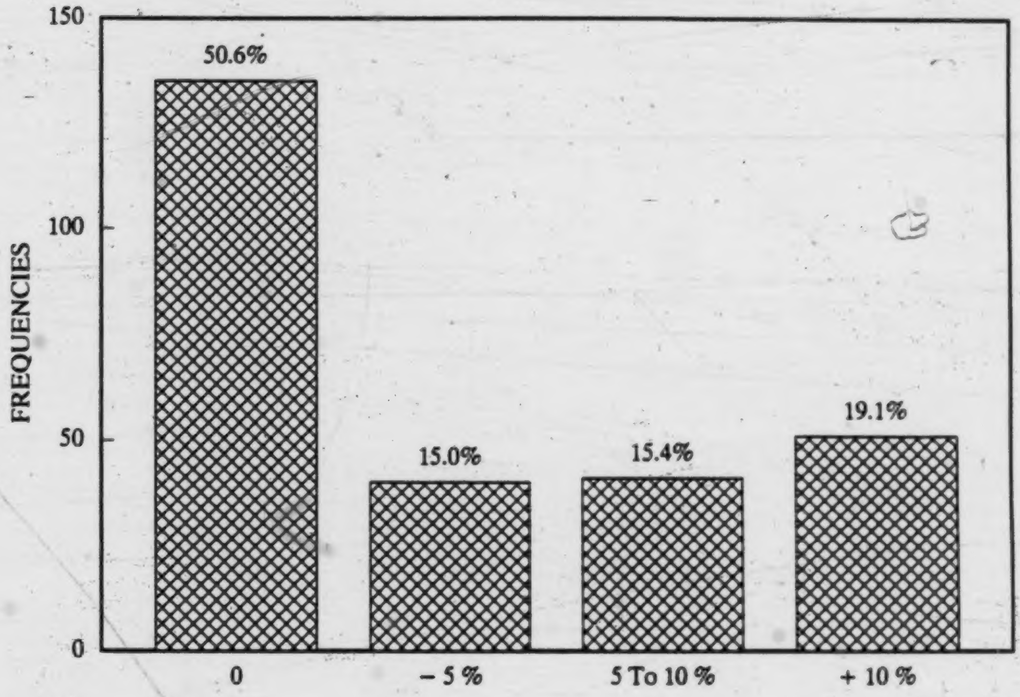


FIGURE 14
SAVINGS OF BUSINESSES

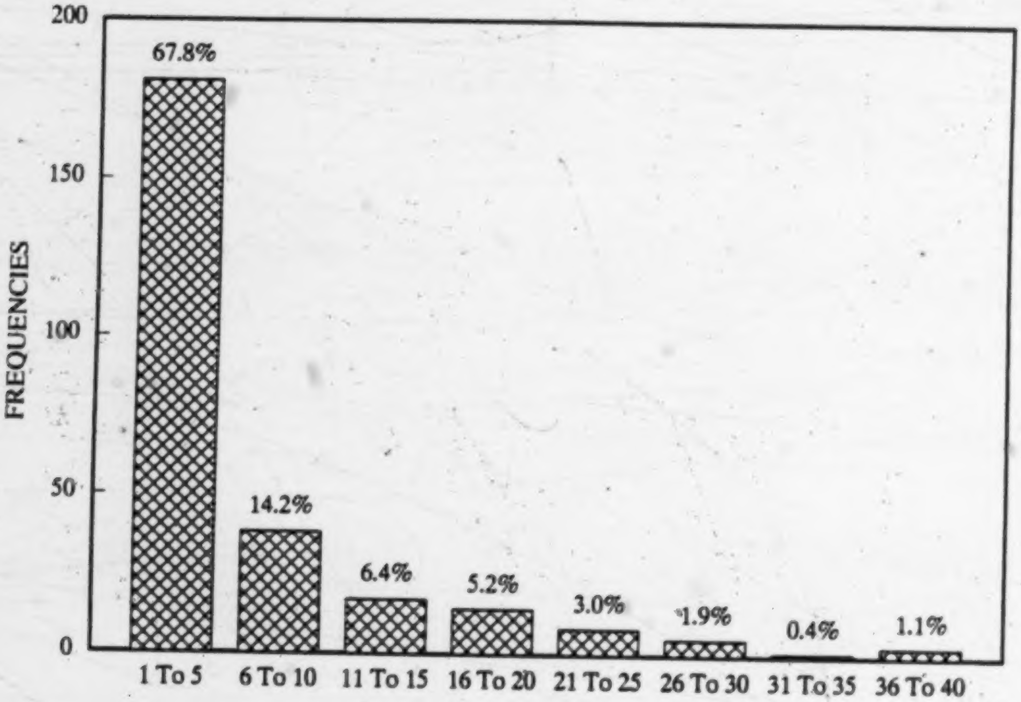


The majority of businesses (67.7%) had been in operation from one to five years (Figure 15), which corresponds to generally accepted marketing rules.[1] This variable of longevity, together with the value of the business and its fixed assets, is very important in defining the variable of economic success, in operative terms.

---

[1] Businesses require at least five years to consolidate.

FIGURE 15
LENGTH OF OPERATION OF BUSINESSES



About one third (34.1%) of the 267 respondents were not registered with an official institution (Table 19), due to excessive paperwork, the difficulties imposed by the tax declaration process and the lack of knowledge of taxation laws and other regulations.

TABLE 19
LEGAL STATUS OF BUSINESSES

Registered	N	%
Yes	176	65.9
No	91	34.1
TOTAL	267	100.0

Due to the procedure that was used in selecting the sample and the administration of the questionnaire, there were more registered than unregistered units. It could be said that from this perspective that not only does the illegal characteristic exist but other defining or descriptive characteristics of the Urban Informal Sector do as well, e.g., business size, capital investment, organization, technology, working conditions, income and social benefit scheme.

In light of this situation, if one accepts the definition given by the Instituto Nacional de Estadística Geografía e Informática (INEGI) (1990),[2] 66% of this sample would not be part of the urban informal sector, since they are formally registered. However, this definition is very limited since it supports the categorization of economic units in the UIS based only on their legal status. For PREALC (1978)[3] and the ILO (1972),[4] legality is not the only determining factor. Consequently, a greater portion of the economic units selected in this survey would pertain mainly to the Urban Informal Sector. This aspect demonstrates how one characteristic should not be used as the only factor in determining a productive unit's formality or informality.

---

[2] The INEGI definition of the urban informal sector is: the monetized economic activities that are not registered with the Secretaría de Hacienda y Crédito Público (SCHP) (INEGI, 1989)

The preceding is in contrast to the Encuesta Nacional de Empleo Urbano (ENEU)[5] (National Survey of Urban Employment), for whom the determining factor is level of income, measured in terms of the minimum official wage, plus two other characteristics which are included in its definition. In this definition, legal status is subsumed under the concepts of contracts and medical benefits, since contracts are, for the most part, legal by nature and medical benefits are usually an aspect of social welfare. Therefore, although the legality issue is not as apparent, it still is supported as a characteristic of the UIS within these other factors.

---

[3] The PREALC definition of the Urban Informal Sector is: individuals or businesses occupied in economic activities that are unregistered, that use simple technological processes and can be found in the competitive markets or at the base of concentrated oligarchical markets (PREALC, 1978).

[4] The International Labour Office (ILO) definition of the Urban Informal Sector is: Businesses that use national input, have a family character, operate on a small scale, are labour intensive with workers who acquire their training outside of the formal teaching systems, have no entrance barriers and function based upon the competitive, not regulated markets (ILO, 1972).

[5] The definition given by the ENEU (1976) of the Urban Informal Sector is: those who earn up to the minimum official wage and are complemented by at least two of the following deficiencies: a) medical benefits, b) social benefits, c) work contract or d) union affiliation.

This, in essence, describes the main characteristics of the UIS in Mexico City. However, the results of the survey distinguish certain differences with respect to some characteristics established by previous studies and investigations in Latin America (STyPS, 1976; PREALC-ILO, 1978). These are: age, gender, schooling, income and migration patterns to the city. The remaining characteristics described in this study coincide with those described in other UIS studies.

B. Further Descriptors of the UIS

Descriptors were obtained by the cross-tabulation of a variety of variables to determine if any other significant features could be derived to describe the UIS in Mexico City. The following descriptions are a result of this procedure.

When comparing schooling and the place where these surveyed had learned their trade (Table 20), it can be seen that those who acquired their skills at school or in a technical institute tended to have a higher-than-average level of schooling. On the other hand, those with a lower level of schooling learned their trades as apprentices or from an acquaintance.

The predominant credentials model within the educational system explains this situation. If one obtains a certificate from a secondary school, there is a higher probability of studying at a technical institution than if one has completed elementary school or has attended school for only a few years. In addition, there is a tendency to incorporate very complicated academic contents into the curriculum at the different schooling levels in such a manner that they operate as discriminatory instruments instead of promoting and distributing basic information to all people. To further complicate matters, there is the demand by businesses to accredit certain levels of schooling, thus, serving more as screening devices than as a means of promotion or socialization of basic knowledge that must be acquired and used by the working population. Therefore, the purpose of education is defeated when it is applied in this fashion.

TABLE 20
PLACE WHERE TRADE WAS LEARNED BY LEVEL OF SCHOOLING ATTAINED

	Less than six years	More than six years	
	%	%	
In the School	5.0	68.5	
On the Job	95.0	32.5	
TOTAL	100.0	100.0	
(Number of cases)	(60)	(89)	(149)

One can hypothesize the impact of schooling and attitudes towards school when schooling is cross-referenced with the place in which they learned their trade. Those with a higher level of schooling showed a greater tendency to acquire a technical college education than was shown by the average level of schooling of the sample. This indicates that those with a higher level of schooling have a tendency to trust the educational system to provide them with knowledge and abilities in order to carry out a trade at a later date. At the other extreme, there are those who have learned their trade from a personal acquaintance. They had lower levels of schooling than the average of the sample and tended to undervalue schooling as a source of knowledge for acquiring a trade.

Further, the same trend appears when level of schooling is correlated with the desire to learn new techniques (Table 21); in other words, those with less education view the learning of new techniques as unimportant in the operation of their unit when compared with those people with higher levels of education.

TABLE 21
DESIRE TO LEARN NEW TECHNIQUES BY LEVEL OF SCHOOLING ATTAINED

	Less than six years %	More than six years %	
Yes	42.2	63.6	
No	57.8	36.4	
TOTAL	100.0	100.0	
(Number of cases)	(109)	(154)	(263)

It can also be assumed that in the group with a minimal level of schooling there is a predominance of recent migrants who are looking for a friend, an acquaintance, or a relative who will help them to learn some kind of trade. They seek an introductory mechanism into the specific branch that will serve to incorporate them into the (formal) urban workforce.

In comparing schooling and change in economic situation (Table 22), one can observe that when a person had completed elementary and secondary education there was a higher percentage than the average of the sample with regard to improved well-being for their families. This could be a result of the surveyed population concentrating in these particular levels of schooling or it can also be assumed that those who had a higher level of schooling (e.g. university level) did not seek to be a part of the Urban Informal Sector. Moreover, it can be observed that the extremes (university education versus no schooling whatsoever) are above the average in percentages, the result of very low absolute figures.

TABLE 22

PERCEPTION OF ECONOMIC SITUATION BY LEVEL OF SCHOOLING ATTAINED

	Less than six	Between six and nine	More than ten	
	%	%	%	
Worse	2.9	7.1	2.5	
Same	41.2	28.4	35.0	
Better	55.9	64.5	62.5	
TOTAL	100.0	100.0	100.0	
(Number of cases)	(34)	(156)	(41)	(231)

The trend that becomes evident is that the higher the level of schooling, the greater the desire for bettering their economic situation. However, what must be made explicit is that it is not so much the **level** of schooling that is the determining factor; rather, it is what **type** of knowledge, skills and attitudes that schooling, in general, is provided for these individuals. In other words, the more education a person has, the more "cultural capital" has been attained. This "cultural capital" constitutes the development of such socialization processes as self-concept, self-esteem, self-confidence, self-reliance, skills in human relations, communication skills, etc. Further, the more "cultural capital" these individuals possess, the more apt they are to value increased schooling and business training which eventually will lead to greater economic success in their economic units. One must keep in mind, however, that these higher levels of schooling are atypical and do not necessarily imply that individuals who have attained levels of schooling at the college or university level will enter into the informal sector, in spite of the fact that they could be economically successful.

In terms of change in their economic status as compared to prior business training (Table 23), those who had experienced poor economic results, showed a slightly higher incidence of lacking business training. These negative experiences may be explained by the situation that the majority of business training courses promote an induction process into the world of organized business, the market, sales and certain basic bookkeeping or accountancy skills, which these people are lacking. In spite of this, possessing business training does not guarantee that the economic unit will be successful, but at the very least it aids in the initiation of the same through the transmission of the experience of others who have done something similar in the past.

TABLE 23
PERCEPTION OF ECONOMIC SITUATION BY PREVIOUS BUSINESS TRAINING

	Previous training	No previous training	Total
	%	%	%
Worse	3.7	6.4	5.8
Same	31.5	32.0	31.8
Better	64.8	61.6	62.4
TOTAL	100.0	100.0	100.0
(Number of cases)	(54)	(172)	(226)

The above notion is affirmed by Table 24 where the change in the family economic situation demonstrates that those who had economic success were among those who had previous training in the trade.

TABLE 24
PERCEPTION OF ECONOMIC SITUATION BY PREVIOUS TRADE LEARNING

	Yes %	No %	
Worse	3.7	6.5	
Same	31.5	32.6	
Better	64.8	60.9	
TOTAL	100.0	100.0	
(Number of cases)	(125)	(97)	(222)

When productive unit longevity and schooling are compared (Table 25), it can be seen that those microenterprises established less than five years from the commencement of operations (which are, in fact, the majority), demonstrate a predominance of people with higher levels of schooling, which is in keeping with the tendency in recent years towards unemployment among the better educated. On the other hand, owners of economic units that had completed six to ten years of operation exhibited lesser levels of schooling. This confirms the fact that the group between 1-5 years may have had access to better educational opportunities, but not necessarily better job opportunities.

TABLE 25
LENGTH OF OPERATION OF BUSINESS BY LEVEL OF SCHOOLING

		Years of schooling					
		- 6	6	9	12	12+	TOTAL
		%	%	%	%	%	%
Years of operation	0-4	43.6	52.1	63.6	65.5	77.3	59.2
	5-9	20.5	21.1	16.9	13.8	9.1	17.2
	10-19	17.8	15.5	13.0	17.3	9.1	15.0
	20-29	7.8	9.9	5.2	1.7	4.5	6.0
	30+	10.3	1.4	1.3	1.7	--	2.6
	TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
	(Number of cases)	(39)	(71)	(77)	(58)	(22)	(267)

When the variables of unit longevity and change in family economic situation are compared (Table 26), it can be seen that those who had the worst business experiences had only been in business from one to five years. A possible explanation may be that during the first few years of operation there are practically no profits and the majority of businesses experience failure. Those who have been in business longer (five years and over) tend towards more stability in their productive units, which may be attributed to more experience and the beginning of more obvious profit gains. However, 57.6%, within the group that had stated they were better off now in more than just economic aspects, were also those who had been in business less than five years. One can assume here that these people perceive their situation to be better for reasons other than economic ones, because they may value autonomy, independence, and so on, as important to their well-being.

TABLE 26

PERCEPTION OF ECONOMIC SITUATION BY LENGTH OF OPERATION OF BUSINESS

	Number of Years in Operation					
	0-4 %	5-9 %	10-19 %	20-29 %	30+ %	TOTAL %
Worse	6.8	6.7	--	--	20.0	5.7
Same	30.3	31.1	30.3	42.9	40.0	31.4
Better	62.9	62.2	69.7	57.1	40.0	62.9
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
(Number of cases)	(132)	(45)	(33)	(14)	(5)	(229)

The most common branches of business which were evident in the sample were food production, retail clothing, the sale of spare and used parts, and transportation services - ones which could be easily established (Table 27). One may infer, then, that the specific business areas in which training is not necessarily a prerequisite increase the chances of mobility and less stability in the business. On the other hand, as can be seen in Table 28 those specific areas that demonstrated a higher rate of stability on the job were those that required business training, e.g. house decoration, clothing manufacture and repair services. This demonstrates that training can affect mobility within the informal sector.

TABLE 27
LENGTH OF OPERATION OF BUSINESS BY BUSINESS CATEGORY

	1 %	2 %	3 %	4 %	5 %	6 %	7 %
Less than five years	47.7	71.4	66.7	42.9	62.5	66.7	44.1
More than five years	52.3	28.6	33.3	57.1	37.5	33.3	55.9
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(Number of cases)	(34)	(21)	(9)	(7)	(8)	(12)	(68)

	8 %	9 %	10 %	11 %	12 %	13 %	14 %	
Less than five years	62.9	72.2	40	50	100	45.5	66.7	
More than five years	37.1	27.8	60	50	--	55.5	33.3	
TOTAL	100.0	100.0	100	100	100	100.0	100.0	
(Number of cases)	(35)	(36)	(14)	(8)	(1)	(11)	(3)	(267)

1. Food business
2. Clothing business
3. Cosmetic business
4. Toy business
5. Home accessories business
6. Hardware and parts business
7. Repair services
8. Transport services
9. Food production
10. Clothing production
11. Furniture production
12. Toy production
13. Home accessories prod.
14. Other

TABLE 28
BUSINESS CATEGORY BY PREVIOUS BUSINESS TRAINING

	Yes %	No %	
Food business	3.2	16.0	
Clothing business	-	10.0	
Cosmetic business	-	4.5	
Toy business	1.6	3.0	
Home accessories	3.2	3.0	
Hardware and parts	7.5	3.0	
Repair services	42.8	19.5	
Transport services	4.8	16.0	
Food production	6.3	16.0	
Clothing production	11.5	4.0	
Furniture production	4.8	2.5	
Toy production	-	.5	
Home accessories p.	12.7	1.0	
Other	1.6	1.0	
TOTAL	100.0	100.0	
(Number of cases)	(63)	(200)	(263)

When gender and business category are correlated (Table 29) one can observe that, in general, the participation of men is higher than that of women. However, this is not true of all categories if one considers gender. Thus, it is possible to affirm that female participation in the UIS is higher in certain economic activities such as food business, clothing business, clothing manufacture, cosmetic and accessories businesses and home accessories production business. One can observe that those economic activities in which female labour is concentrated is similar to those activities that, traditionally, society has assigned to women, i.e., food preparation and distribution, clothing maintenance and cleaning, house cleaning and maintenance, children's education, etc., which now have been transferred as employment positions to the labour market (formal and informal), as a reproductive extension of the traditional roles of women within the family.

TABLE 29
BUSINESS CATEGORY BY GENDER

	Males		Females		TOTAL
	N	%	N	%	
1. Food business	18	48.6	19	51.3	37
2. Clothing business	10	47.6	11	52.4	21
3. Cosmetic business	4	44.4	5	55.6	9
4. Toy business	7	100.0	-	--	7
5. Home accessories business	6	75.0	2	25.0	8
6. Spare parts business	12	100.0	-	--	12
7. Repair services	65	100.0	-	--	65
8. Transport services	35	100.0	-	--	35
9. Food production	13	36.1	23	63.9	36
10. Clothing production	6	42.9	8	67.1	14
11. Furniture production	8	100.0	-	--	8
12. Toy production	1	100.0	-	--	1
13. Home accessories production	4	36.4	7	63.6	11
14. Other	3	100.0	-	--	3
TOTAL	192	71.9	75	28.1	267

When comparing business category with the location of the unit (Table 30), important information with regard to the types of businesses, moving towards more formalized microenterprises, was obtained. It was observed that the sale of spare parts, repair services, the production and sale of foodstuffs and the sale of home decoration articles were businesses that, owing to their established premises, tended to possess more formal characteristics.

TABLE 30
LOCATION OF BUSINESS BY BUSINESS CATEGORY

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	
Specific Location	80.6	58.3	50	50	62.5	81.8	82.1	8.3	84	78.6	42.9	100	10	33.3	
Home	19.4	41.7	50	50	37.5	18.2	17.9	91.7	16	21.4	57.1	--	90	66.7	
TOTAL	100.0	100.0	100	100	100.0	100.0	100.0	100.0	100	100.0	100.0	100	100	100.0	
(Number of cases)	(31)	(12)	(6)	(2)	(8)	(11)	(67)	(12)	(25)	(14)	(7)	(1)	(10)	(3)	(209)

1. Food business
2. Clothing business
3. Cosmetic business
4. Toy business
5. Home accessories business
6. Hardware and parts business
7. Repair services
8. Transport services
9. Food production
10. Clothing production
11. Furniture production
12. Toy production
13. Home accessories prod.
14. Other

However, there is also an apparent contradiction in the types of productive units which tended to be more formalized and more mobile in that they did not necessarily apply the "formal" sense of the concept of permanency as a trait of the formal sector. For example, in the case of the sale of food products, the sale of food may occur from a cart that is easily moved from one location to another; however, the vendor will situate him/herself at the same street corner on a daily basis, such that the residents or surrounding businesses become familiar with the vendor. If the sale of foods proves to be successful, the vendor will "establish" him/herself in that same spot. The sense of permanency, here, could be one year or many years depending on the success of the economic unit. However, should the business falter, it would necessitate a move. It is in this manner that a sense of "formality" is being attributed. Further, it can be seen that those businesses that were "hidden" (not readily visible) were those that worked out of their homes, manufacturing house decoration products (ornaments, etc.) and furniture. The fact that these units are located in the same "permanent" spot is a trait attributed to the formalization of a productive unit, but not to the nature of their businesses which is more a factor in determining a business' formality or informality, than is permanency.

Table 30 also shows that there is a high number of clothing manufacturing at business sites. This is an interesting finding since the survey questionnaire excluded clothing subcontracting, which particularly applies to "maquilas", or clothing manufacturing coops. A reason for this is that, since the majority of clothing manufacturing is carried out by the "maquiladora" system (which is, for the most part, illegal, but not necessarily informal, in nature) the reason for the existence of this group is difficult to comprehend, knowing the typical situation of clothing manufacturing in Mexico. However, two possible reasons for their existence in the sample may be that these particular people may in fact pertain to the "maquiladora" system but are unable to describe their activities accurately. The other reason is that they are becoming integrated into the system itself and are unable to articulate this.

Therefore, those microenterprises which were situated in a permanent location tended to exhibit more of the certain formalized characteristics, such as possessing legal licences, a permanent income and hired help. Although these factors are related to the formal sector, they should not be considered as the sole aspects for determining the formality or informality of a productive unit. Rather, they should be viewed as some of the features, among other, that can be used to characterized the UIS.

When business categories were cross-referenced with schooling (Table 31), one can observe that certain types of economic units, such as the sale of spare parts along with transport services, contained individuals with somewhat higher levels of schooling. The inverse can also be seen in other areas, such as manufacturing and the sale of foodstuffs, where lower levels of schooling predominated. This can be explained partially by the tendency for certain people to set up specific types of microenterprises that do not require high levels of schooling. Instead, these units tend to develop more practical applications of their knowledge, i.e., those areas that do not require previous training. However, this does not necessarily mean that the level of schooling directly determines a person's participation in a specific area of industry or economic activity or that the business categories determine the level of schooling. Rather, the only observable feature here is that the level of schooling is an indirect indicator of a set of known items containing abilities and experiences, constituting what Bourdieu and Passeron (1970) call "cultural capital" which favours or inhibits the setting up and development of certain specific business activities. Therefore, in this sample, the tendency was to find those with higher levels of schooling to be involved in businesses which required training, whereas those with lower levels of schooling were involved in more practical type of activities.

TABLE 31

BUSINESS CATEGORY BY LEVEL OF SCHOOLING

		Years of schooling					
		-6	6	9	12	12+	TOTAL
		%	%	%	%	%	%
	1	15.4	15.5	13.0	8.6	9.1	12.7
	2	5.1	4.2	6.5	15.5	9.1	7.9
	3	--	1.4	6.5	1.7	9.1	3.4
Business category	4	10.3	--	--	1.7	9.1	2.6
	5	--	4.2	1.3	5.2	4.5	3.0
	6	2.6	1.4	5.2	8.6	4.5	4.5
	7	25.5	25.4	24.6	29.3	18.2	25.5
	8	7.7	8.5	19.5	12.1	18.2	13.1
	9	20.5	14.1	15.6	8.6	4.5	13.5
	10	2.6	12.7	1.3	5.3	--	5.2
	11	10.3	2.8	1.3	1.7	--	3.0
	12	--	1.4	--	--	--	.4
	13	--	7.0	3.9	1.7	9.1	4.1
	14	--	1.4	1.3	--	4.5	1.1
TOTAL		100.0	100.0	100.0	100.0	100.0	100.0
(Number of cases)		(39)	(71)	(77)	(58)	(22)	(267)

1. Food business
2. Clothing business
3. Cosmetic business
4. Toy business
5. Home accessories business
6. Hardware and parts business
7. Repair services
8. Transport services
9. Food production
10. Clothing production
11. Furniture production
12. Toy production
13. Home accessories prod.
14. Other

Regarding the relationship between business category with types of clients (Table 32), it is clear that the majority of the economic units have direct contact with the public. This is seen in relation to those specific business categories in the sample which had higher percentages in sales than the average. These areas relate to the sale and production of foodstuff, clothing retailers and transport services, where there is a need to come into direct contact with the public. Other high sale performers were those involved in the manufacturing or sale of home decoration articles. Thus, all those mentioned above are areas which require direct contact with the clients in order for the productive unit to survive.

TABLE 32
TYPE OF CLIENTS BY BUSINESS CATEGORY

	1 %	2 %	3 %	4 %	5 %	6 %	7 %
Supermarkets	8.8	-	-	-	-	16.7	8.9
Factories	-	-	-	-	-	16.7	3.0
Stores	5.9	-	-	-	25	-	1.5
Intermediary	-	-	-	-	-	8.3	1.5
Government	-	-	-	-	-	-	1.5
Gen. Public	85.3	100	100	100	75	58.3	83.6
Others	-	-	-	-	-	-	-
TOTAL	100.0	100.0	100	100	100	100.0	100.0
(Number of cases)	(34)	(20)	(9)	(7)	(8)	(12)	(67)

	8 %	9 %	10 %	11 %	12 %	13 %	14 %	
Stores	-	-	-	-	-	-	-	
Factories	-	-	-	-	-	-	-	
Supermarkets	-	-	7.1	-	-	27.3	33.3	
Intermediary	-	-	21.4	-	100	9.1	33.3	
Government	-	-	-	-	-	-	-	
Gen. Public	100	100	64.3	100	-	63.6	33.4	
Others	-	-	7.1	-	-	-	-	
TOTAL	100	100	100.0	100	100	100.0	100.0	
(Number of cases)	(30)	(36)	(14)	(8)	(1)	(11)	(3)	(260)

1. Food business
2. Clothing business
3. Cosmetic business
4. Toy business
5. Home accessories business
6. Hardware and parts business
7. Repair services
8. Transport services
9. Food production
10. Clothing production
11. Furniture production
12. Toy production
13. Home accessories prod.
14. Other

This situation is in contrast with the theoretical position that establishes the existence of surplus transferral from the informal urban sector to the formal sector, since this group deals directly with the public. This suggests a need for further study of other possible mechanisms of surplus transferral between these sectors. The data here, at least, cast doubt on the paradigm regarding subordination relationships governing dependency aspects or autonomy as described in the theoretical framework.

What other variables can contribute to a general description of the UIS in Mexico City can now be summarized.

Summary of Part I

Based on the samples of the questionnaire used, pertaining to those members of Levels Two and Three as discussed in the third chapter, three major findings can be derived from the discussion:

1. The majority of the sample consisted of men who fall into the "productive age" category which is between the ages of 25 - 49 years of age. Within this group most of the members had completed at least elementary school and were involved in trades or jobs that required little or no education. Quite often these trades or jobs had been learned or

acquired on the job or with an acquaintance, implying that schooling is not a direct factor in their ability to obtain employment.

2. Most microenterprises were fairly stable with regard to their location, which is not a typical trait of the informal sector since most often a transitory nature is associated with the this sector of society. Further, this group dealt directly with the client in such areas as public transportation, food manufacturing and the sale of food-stuffs, clothing retail and home decoration production.

The majority expressed the fact that they were better off now than before they entered the informal sector, indicating that factors other than purely economic ones can be attributed to their satisfaction.

3. Although education and training do play roles in the types of trades these people tended to become involved in, neither education nor training is directly related to what these people term "economic success". Schooling for the less educated was not viewed as essential, whereas those with higher levels of education (secondary completed or higher) tended to view education and further training as more valuable and a means of

assisting them in bettering their employment opportunities.

The findings of this section are important in that they provide a framework for the UIS in Mexico City. A description of the informal sector with new elements will provide a better understanding of the UIS, from a qualitative perspective.

Part II:

Life and Work in the Informal Sector in Mexico City

The analysis of the main characteristics of the interviewees in relation to the characterization of the informal sector as described above, is divided into three parts. The first part, "Who are the members of the Informal Sector", analyzes and describes the main characteristics of the interviewees: birthplace, gender, income and age. The second part, "The Labour History of the Informal Sector", analyzes the labour experience, number of trades, community service and occupations of the informal sector people as they pertain to Mexico City, and describes the basic elements of a model of the informal sector dynamics. Finally, the third part, "Education and training", deals with the educational and training aspects of the members of the informal sector in this sub-sample and their perceptions of these two aspects as they relate to their social and economic status.

A. Who are the Members of the Informal Sector?

For this section, the interviews are the basis for analysis. Of the 46 interviewees (Table 33), 15 (33%) are part of Level I, 27 (58%) are from Level II and the remaining 4 (9%) are from Level III. (For the purposes of this analysis, Level I will be named "transitory", Level II "self-employed" and Level III "owner-masters").

TABLE 33
UIS SEGMENTS AMONG INTERVIEWED

Level		N	%
I	Transitory	15	33
II	Self-employed	27	58
III	Owner-masters	4	9
TOTAL		46	100

The main characteristics that can be derived from this sample (Table 34) are that: 58.7% of those interviewed are originally from Mexico City while the other 41.3% come from small towns in different states; 26% of those from Mexico City are owner-masters with 48% being self-employed and 26% involved in transitory activities. Of those who were born in other states only 16% were owner-masters, 42% self-employed and the same percentage holding true for those who were involved in transitory activities (Table 35).

TABLE 34
BIRTHPLACE OF THOSE INTERVIEWED

Birthplace	N	%
Mexico City	27	58.7
Other areas of Mexico	19	41.3
TOTAL	46	100.0

TABLE 35
BIRTHPLACE AND SEGMENT OF THOSE INTERVIEWED

Birthplace	Level	N	%
Mexico City	I	7	26
	II	13	48
	III	7	26
Subtotal		27	100
Other regions	I	8	42
	II	8	42
	III	3	16
Subtotal		19	100
TOTAL		46	100

It is important, however, to emphasize that this information seems to contradict results from studies arguing that most of the people who are in the informal sector have come from the rural areas relatively recently. On the contrary, the study indicated that 58.7% of the people interviewed were born in Mexico City and were second and third generation rural migrants. The assumption that the informal sector is a kind of "refuge for the unemployed" or "the mask of underemployment" does not hold true according to this research. The interviews showed that the informal sector was not necessarily a place new migrants entered into naturally. It seems that these new migrants cannot integrate themselves immediately into the informal sector because of the existence of "entrance barriers". These "barriers" can be observed in the "control screens" that have been created by the very same members who belong to the informal sector in Mexico City. Although these "control screens" are not readily observable, they are present and at work as is illustrated by the following examples (control screens are highlighted in bold):[6]

> "I came to Mexico when I was a small boy, with my mother, when I was about five years old. Not all the family came, just me and my oldest sister. There are five brothers and sisters in the family. First I started out by selling gum when I was about ten years old. I sold gum and lollipops. **The problem was that I had to get permission to sell on the street, not from the government but from a group of people who controlled the area...**" (SCA)

> "I was born in Mexico City and I have four children. I studied the primary and in secondary school I completed two years. There were eleven in my family and so there was not much possibility of

---

[6] The interviews were done in Spanish. Consequently, the linguistic expressions of the interviewees have a very special connotation which, when translated into English, can lose their meaning and communicative power. Despite this limitation, the quotations do have an extraordinary impact and have the strength to illustrate the important aspects of the analysis.

> continuing with my studies...I started to work as a very young man as a fire-eater and mimist, because I thought this was an easy way to earn money. **Soon I realized that there were many difficulties with the 'mafia' that controlled that part of the city and that there was a lot of competition".** (PA)

> "I came to Mexico city as a young woman and I am married. I was married in Oaxaca and I have lived in Mexico city for forty years. I had ten children and seven lived...I did not learn a trade at school. I make ornaments in what is called 'russian porcelain'. It is a material made from corn flour. At the very beginning all the ornaments that I made had to be sold on the streets. **It really was a bad time because of the 'cuotas' (a kind of bribe) I had to pay to people who controlled the area and to the police so that they would let me sell my product".** (CO)

It is evident from these examples that there are "entrance barriers" implicit in the informal sector, in addition to the institutional barriers established by legal and economic intervention (Montaño, 1985) controlling entrance into the informal sector.

With respect to gender composition (Table 36) 83% of the interviewees of the sample were men and only 17% were women. However, one must consider that the strategies followed by the members of the informal sector are oriented towards collectives, i.e., participation of the family, especially the women and friends plays an important role. The results of the interviews indicate that in 85% of the cases family members participated in the micro-enterprises.

TABLE 36
GENDER OF INTERVIEWED

Gender	N	%
Male	38	82.6
Female	8	17.4
TOTAL	46	100.0

This participation can be seen from the following description of a 40-year-old saddler:

> "At the moment my wife does not work, she helps me. I suppose in the strict sense she is working. She cuts the material and does other things to help me. She does not earn another wage, the earnings I talked about before are divided between the two of us. This amount helps us to eat, dress, or, in other words, provides for everything that we need". (SR)

A candle-maker stated:

> "Only my wife helps me. My children do not like selling, but they have started lately because there is nothing else that they can get into as I have made up my mind to stay with the candles." (SC)

> "My daughters and I work the machines and my husband helps out when he gets home from work at night", declares a 38 year old seamstress.(JL)

Even though the statistics show that the informal sector is composed mostly of males, the presence of women and young people, although not as obvious, is extremely important.

TABLE 37
INCOMES OF INTERVIEWED

Incomes	N	%
Between 300 - 599 thousand Mexican pesos	7	15.2
Between 600 - 899 Thousand	12	26.1
Between 900 - 1,199 thousand.	14	30.4
More than 4 minimum salaries	13	28.3
TOTAL	46	100.0

Monthly minimum salary in Mexico City: 300,000 pesos (Comisión Nacional de Salarios Mínimos, México, 1989)

With regard to the interviewees' income, almost 60% of them earned more than three times the minimum salary (Table 37). These results could show, if the respondents did not inflate the income they reported, that the very low incomes of the members of the informal sector are more frequently claimed than proven. In this regard, there are two tendencies that apparently are contradictory as far as the organization and the functions of the informal sector are concerned. On the one hand there are those (Souza & Tokman, 1976) who affirm that the formal and the informal sector are negatively co-related; i.e., when there is a higher amount of employment in the formal sector there is less employment in the informal sector; or the converse occurs, when there is less employment in the formal sector, there is a greater amount of employment in the informal sector. That is to say, the informal sector carries out the function of "a refuge for the unemployed", which is transitory in nature due to the "survival" activities that comprise this segment.

On the other hand, there are those who maintain (Portes & Benton, 1987) that the correlation between the formal and the informal sectors is positive —a large employment rate in the formal sector corresponds to a large employment rate in the informal sector. This assumption is based on the development of certain phenomena such as "in-bond manufacturing" (sub-contracting) and the "pepenadores" (trash-sorting people).

Hugon (1980) rejects this simplistic dualism and the assumed "misery" of the informal sector members as mentioned in the first position. From this perspective, the informal sector is viewed as an employment and income-generator, i.e., it multiplies employment and utilizes appropriate technology.

A recent study carried out in Mexico concerning the informal sector (INEGI, 1989) showed that, considering the minimum individual wage as part of the criteria, the income level of the self-employed in the informal sector was higher than the salaried personnel in the formal sector (Table 38).

TABLE 38
RECEIPTS, EXPENDITURES AND PROFITS[7] BY POSITION IN THE JOB.
(Thousands of pesos at current values)

Position	Expenditures	Receipts	Profits
Owner	2353.2	3209.6	856.4
Self-employed	719.9	1086.1	366.2

INEGI, *Encuesta sobre el Sector Informal*, Unpublished document, México: Dirección de Estadísticas de Corto Plazo, INEGI

The results of the interviews indicate that the income of people in the informal sector (levels I, II and III, if one uses the minimum individual wage and the extent of occupational training of the labour force as norms) is higher than that of salaried personnel in the formal sector. The basis for such a conclusion was derived from the interviews as they were being conducted. It was ascertained that some 53% of the families interviewed had members, usually the youngest, employed in the formal sector and were earning less than their family members involved in the informal sector.

The following examples reflect this perception of higher earnings by UIS members:

> "Economically I earn more than the minimum wage. I suppose that is why I have stayed at it. Even though I am not very good with the accounts, my earnings and expenses, one realizes that it does

---

[7] Profits are defined as the amount resulting from the subtraction of expenditures from receipts.

function even though the methods may be rudimentary. I have not been able to save much at the moment as my expenses have risen. I have a family and some of my children go to school. My oldest son is working in a large firm so we receive an extra income. Only my wife helps me in my business". (SC)

"I earn about twice the minimum wage during the slack selling period; in the best selling period I earn from 3 to 3.5 times the minimum wage. I feel I earn enough, but I have to work a lot. Sometimes I work up to fifteen or sixteen hours a day instead of the eight hours that minimum wage earners work". (SR)

"We earn more than the minimum wage. When we are able to work without lacking raw materials, we sell between two to three million pesos per week (800.00 - 1,200.00 Canadian dollars). We only take what is essential for covering our expenses". (HP)

"I bought my first sewing machine for cash. Today our monthly income after deducting all expenses is 500,000.00 pesos, a lot more than the minimum wage. We have just committed ourselves to the buying of another sewing machine, this time on credit". (JJ)

"I sell different products. Presently I am selling plastic glasses with a cup and a straw (as part of the glass) which have the Coca-Cola brand on them. I also sell magazines along with other articles. I have been working since I was eight years old. I left school after the second year at secondary school (grade 8). I have a daily income of between 30,000 to 40,000 pesos depending on the day's sales. If I have a good day I can earn between 60,000 and 70,000 pesos". (20 year-old MA)

"I am 17 years old. I have been involved in this activity, as a fire-eater, for four months. I have a semi-established

> zone of work on a street corner, depending on the arrangements with the police and other people you know. I am happy with this job; my daily income varies -from 50 to 70 thousand pesos per day, but never under 50 thousand pesos. I work from 11 a.m. to 4 p.m." (Fire-eater, JO)

It can be perceived from the above that, although the interviewees generally declared having earned more than the minimum wage, these high level earnings are always accompanied by other deficiencies that seem to balance things out.[8]

In summary, the income perceived by the wage workers in both the formal and informal sectors, when conditions are equal (i.e. higher intensity of work in the formal sector, versus longer periods of work in the informal sector) reveals that both sectors are very similar, with the exception of the social benefit packages which provide financial protection for wage workers of the formal sector. In the case of owner-masters and the majority of the self-employed, the income is superior to that of wage workers having the same qualifications in the formal sector. This difference corresponds, in general terms, to the disbursement of the income that would be used as a repayment of the purchase price of a workshop or business site, thus compensating for the lack of social security (López Castaño, 1981; Ayala, 1982).

---

[8] The lack of personal benefit plans (social security, health care, social welfare), long working hours, a heavy dependence upon the raw materials that are provided by the formal sector, repayment of loans and heavy dependence upon certain selling seasons are some of these deficiencies.

Another important observation emerging from this study is the difference in income within the three established segments of the informal sector - the transitory, the self-employed and the owners. The transitory group earned, on the average, almost the same amount as the self-employed group. However, the real distinction appears between the owner-masters and the self-employed, where the former earned, on average, 2.5 times more than the latter. To some extent, it can be inferred from the income data that a certain degree of segmentation in the informal labour market exists, i.e., people with the same abilities and qualifications have differing incomes.[9] Generally speaking, this information coincides with the data obtained in a national survey of the informal sector in Mexico (INEGI, 1989).

With respect to age (Table 39), the interviews revealed that almost 52% of all those interviewed were over 35 years old. Furthermore, 90% of those classified as owner-masters were over 35; among the self-employed, 33% were between the ages of 20 and 30; however, almost 50% of the marginal workers were between 12 and 19 years of age and the other half were between 25 and 34 years of age (Table 40).

---

[9] However, variation in incomes could well be due to several other factors, such as number of hours worked, location of business, business category, etc.

TABLE 39
AGE OF INTERVIEWED

Age	N	%
12-19	7	15.2
20-24	3	6.5
25-34	12	26.2
35-44	14	30.4
45-54	8	17.4
55-64	2	4.3
TOTAL	46	100.0

TABLE 40
AGES BY SEGMENTS OF INTERVIEWED

Age	III Owner-master	II Self-employed	I Marginal
12-19			15.2%
20-24		4.3%	2.1%
25-34	2.2%	10.9%	13.1%
35-44	10.9%	19.6%	
45-54	6.5%	10.9%	2.1%
55-64	2.2%		

In light of these figures, it can be seen that those belonging to the third and second levels of the informal sector are not young;[10] rather, they tend to be found in the formal sector and in Level III of the informal sector as wage workers. They appear, as well, in level I of the informal sector in activities that are transitory and ephemeral.

---

[10] "Young" are those people between 12 and 24 years of age.

Moreover, young, salaried personnel in the formal sector have shown a high turnover rate, owing to the continual renewal of contracting conditions, as well as the impact mobility has had over segments of the labour market. However, the question remains, "where do these young workers go?"[11] To answer this question further studies need to be done. It should also be noted that a portion of the economically inactive population becomes, by necessity, a part of the economically active population because they need extra income in order to maintain a certain level of subsistence. Certainly, they are not part of levels II and III of the informal sector, but, rather, constitute the bulk of people involved in activities in level I and/or are wage workers of the level III of the informal sector.

Up to this point, the analysis has focused on describing and discussing the selected demographic characteristics of the respondents. Some of its most important features are birthplace, gender, income, and age. A reconstruction of the labour history of the members of the informal sector provides insights into the most important aspects of their movements which has led to their integration into the production and distribution units of goods and services.

---

[11] Young workers who are part of the economically active population and who are not absorbed by industry, commerce and the services offered by the formal sector.

B. The Labour History of the Informal Sector

Based on the interviews carried out in Mexico City, three aspects that are very useful in building a scheme of the informal sector's working history have been developed: occupations and trades, services for the community, and work experience.

Occupations and trades

It can be observed from the interviews that there is an enormous variety of occupations that constitute the informal sector economy which cater to and encompass the different interests, abilities and trades learned. There are, for example, salespersons, trash-sorters, lathe-operators, carpenters, mechanics, electricians, barbers, bakers, butchers, plumbers, cooks, ironmongers, machinists, shoemakers, radio technicians, handscraftmen, and many more.

Of those interviewed, 84% had learned at least two trades in which they considered themselves fully trained. In addition, they possessed knowledge of, or, had some idea of, how to carry out other trades, since they had worked in these areas for some time during their labour history. The following responses illustrate this point:

> "I worked for about eight months in an automobile spare parts factory. I was soldering gas caps, ignition switches and in general all the electrical parts. In Oaxaca I had worked as a cashier and jewellery shop assistant. In that job I learned how to use a solder and fashion pieces in gold and silver...After the

> spare parts job I became an assistant hospital cleaning supervisor for the LAVA-TAP company (cleaning company). From there I went to work with a cousin who showed me how to make ice cream. That is what I am employed in now". (NABS)

> "I have worked at many different jobs: fire eater, mimist, shoe repairs, aide, shop assistant, plumbing, mechanic and now I am an ironmonger. I have been through a lot of different trades. I have moved around a lot because I never felt like I liked any of them. I changed because I did not like the other jobs, not because they were not well paid. I have been an ironmonger for almost ten years, that is after learning the trade". (PAR)

> "I started to work as a hod carrier for a while. As it was cold working at this I started to look around for something where I would be warmer, and I found a bread shop where they were looking for workers. So, I went to work there as an apprentice. I did not know anything about bread making. I was around fourteen or fifteen at the time and I learned how to make bread rolls. I worked there for about eight years. Later on the bread making started to bore me and I started to look for another type of work. Working for a company I came across a firm that made candles. A while later I said to myself, if I know how to sell why don't I do that? I had also been a salesperson and I had learned how to sell a lot of things. I sold vegetables and fruit at a market, anything that was in season...I had worked with plastic injection machines at a factory...So I bought the candle making machine with all my savings. I have been working at the candle-making business for three or four years now". (SCA)

From the above, it can be observed that the motivating force behind frequent job changes from one occupation to another and the learning of many and different trades, is a result of either economic need or personal preference. Ultimately, the occupation or activity they have spent the most time at, is the one that satisfies them the most, while at the same time offering them an income sufficient to support the family as well as promising a modest form of business growth. However, it should be pointed out that this only holds true for levels II and III. For those occupied in level I, generally speaking, it can be affirmed that the determining force is purely a need to survive, regardless of income let alone personal preference.

For clarification, the occupational and activity classifications were consolidated into three basic sectors: production, commerce and services. The majority of those interviewed (71%) reported working in the production sector, which differs from the survey in that 27% pertained to this sector. In the service sector, 19% of those interviewed compared to 38% of those in the survey, worked in this sector. Business people (commerce) represented 10% of those interviewed whereas 34% of those surveyed belonged to this sector. Despite the obvious differences in the percentages indicated by the interviews and the survey, no attempt was made to equalize the proportions of the survey, because it was considered more valuable to interview more people from the spheres of production and services than those engaged in commerce. A better understanding of the production and services groups was deemed necessary before devising policies to promote the development of these activities.

A common expression used when referring to persons engaged in the informal sector, particularly when referring to those who carry out a service in terms of repair work, is "mil usos" (Jack-of-all-trades). In essence, it can be said that there is not much professional expertise involved in trade practices that these people say they have learned, because these trades have stressed the practical aspects. In concrete terms, the practical skills they considered most developed were learned on the job. These people have not had any theoretical or conceptual experience which would help them reach a better understanding of what they do in practice. A combination of both theory and practice, greatly helps in "professionalising" the trades learned by the people of the informal sector in a practical fashion.

The following example illustrates the need to make trades more professional, without minimizing the value of the actual learning process through practice:

> "...I studied at a school where I was taught about mechanics... After finishing school I began working. I worked as a garage mechanic for two years at a workshop. When I took the job I had my certificate for having studied at a mechanic's school and it was really worth something in those days...However, when you really get to work at it and have to unscrew a screw, it is something else, as you have to start over again. It was easier for me as I had the theory behind me and that helped me a lot on the job (practice). After a year in the same job,

> everybody asked me why I was still there since I had studied, but I did not tell them what had happened. You see, the other workers had only worked for a year as helpers and they knew more than me and I had studied for two years. But after a year working there I knew more than the helpers who had been there for three years; because I was able to relate what I had studied to the practical aspect I was now getting there. I was able to combine theory with practice and then I was able to do things that they were not able to do even with three years of practical experience behind them". (AE)

This illustration greatly aids in discovering some clues that will enable decision makers to carry out concrete directives in order to professionalize the trades by integrating theory into practice. This aspect is further developed in the section corresponding to education and training.

Finally, it can be observed that the type of work carried out by those interviewed is concentrated in segments, but not in an absolute form. For example, the production activities are concentrated in level III (owner-masters). Stable commerce and services are grouped in level II (self-employed); and in level I (transitory) one finds the unstable service units which, above all, are exemplified by the existence of non-established street vendors.

Personal preference with regard to trades being carried out, combined with the need to obtain an income sufficient to support a family on an independent basis, were constant factors in the dynamic job-changing process among those interviewed.

Communal solidarity or capital accumulation?

We now explore the question - Does a dynamic capital accumulation process exist in the informal sector?

The informal sector is a very complex structure; yet, it is important not to confuse the worker with the activity. Workers can pertain to the formal and informal sector at the same time, depending upon the type of work they are carrying out. A purely formal or informal sector does not exist either because all activities have formal and informal aspects. Lautier (1986) suggests that it would probably be better to classify the activities into such divisions as a) production and b) distribution of goods and services rather than sectors.

A problem arises in the informal sector when, in some cases, capitalist production relationships exist (such as the relationship between owner and wage worker) creating the illusion of surplus value production. Is it possible that capital accumulation exists in the informal sector? In researching references to this aspect, only vague allusions can be found, based to a great extent upon tendencies observed in static case studies (De Miras, 1984; 1985). In order to provide a well-founded reply on a theoretical level, it would be necessary to conduct an analysis within a social class framework. One would need to undertake longitudinal studies with a much longer follow-up period to determine whether a capital accumulation exists and whether units of the informal sector transform themselves into formal-sector units,.

There are also political implications involved in this matter. Governments and international development organizations are trying to encourage the tendency towards the consolidation and formalization of the informal sector economic units or microenterprises. By means of loans, the World Bank, the International Monetary Fund, the International Labour Organization and local governments try to favour the step up to the formal sector of companies which are in the informal sector and are able to accumulate capital and grow. Therefore, such an endeavour is focused upon the selection of the most successful microenterprises within the informal sector in order to promote, develop and consolidate them. Behind such a development strategy there is the assumption that the only development model is the capitalist one; i.e., only through the private accumulation of capital is it possible to achieve a real solution to problems of underdevelopment. Furthermore, these capitalist microenterprises are the only ones that survive and are really able to generate employment.However, one question remains: What is to be done with those that do not fit into this "successful" category which in fact may encompass the vast majority?

In summary, there are three aspects that need long, in-depth studies in order to answer the question governing the ties between the formal and informal sectors: 1) the forms of accumulation and reproduction within the informal sector, 2) the informal sector's ability to function when faced with the complex reproduction of capital, and 3) the role of the State.

In order to resolve the problem of conceptualizing the informal sector, one would have to show that a profit transfer from the informal sector to the formal sector exists; that the informal sector enables the reproduction of the labour force at lower costs, forming part of the industrial reserve army. In short, to define the informal sector, one would have to work with some essential aspects at a very theoretical level that are beyond the possibilities of this study.

In light of these limitations, observations of the informal sector, in view of those broader concepts, can be carried out based on the interviews and could serve as a basis for the formulation of questions and as a means of suggesting some hypothetical directions which could become the focus of future theoretical studies.

With respect to capital accumulation, a tendency can be observed in this study that seems to contradict the positions adopted by the international organizations mentioned above. In 95% of the responses given by the owners interviewed, the microunits in level III of the informal sector in Mexico City did not tend towards capital accumulation, but did generate employment; that is, some of them were capable of producing profits and in this regard were able to generate employment, but not accumulate capital.

From an anthropological perspective this phenomenon can be explained using the context of the family and community and its solidarity. The sense of community is so strong that for these people their goal is not capital accumulation; rather, their goal centres around the well-being of others and how this,in turn, will effect their productivity and ultimate survival. The following examples illustrate this point:

> "I feel my trade benefits the community because I help other people with their cars. When they have problems finding a spare part that is not on the market, I can repair the one they have or make them a new one, and it does not matter what make or model it is. I fix up household goods such as the locks on their doors. Many times I do this as a favour to them at no charge. I do not think that I am just in business, I am there to help too. I feel that I am helping the community because I am generating employment and I feel that if I generate more jobs then I am helping the community as well". (JL)

> "In your own business no one pressures you but you do have greater responsibilities. I have a moral obligation to my clients to bake and deliver. They are the ones who pressure me now. Also, another obligation is to create job opportunities for other people in the same trade. It is always possible that I will get larger orders for bread delivery and then I will generate employment". (PH)

> "I was taught the business by a master printer and now I work on an independent basis. I have been working independently for about a year now...I think I serve the community as well in that if I work as an independent I can offer work to

> more people and to family members as well". (AM)
>
> "I feel that I am a respected member of my community as I get along with everybody. You can ask them if you like. I think I serve my community well as I have had a number of youths working for (with) me. At one time I had three youngsters working with me who started at 10 years of age. One of them is now an independent and another has gone on to another kind of business. All of them have worked out to be good, well brought up men. I have even had the good fortune that these same youngsters have turned around and offered me a helping hand in one way or another. This is what has become of them". (MR)
>
> "I do not think that my felt dolls and figures provided any community service at all, but back in 1982 some people in my parish were having a hard time, economically speaking, so I proposed that we all joined forces to make felt dolls. I went out and sold them and we split the earnings 50/50". (DM)
>
> "I think that I am serving the community and I am satisfied as all the people I teach are able to sell their finished products. A lot of them have been praised for their work, and that means I am not such a bad teacher. So I do think that I am serving the community. Really I do serve the community in two ways, by selling my crafts that are pretty for the decoration of the people's homes and by teaching others to do the same. I have also trained two other people who are now giving classes. They did not know how to assembly things and I was able to teach them, I also give them advice when they need it". (LO)

These examples confirm the results obtained in two early studies of the informal sector in Mexico City (INEA, 1984; Sáenz, 1988) where it was shown, paradoxically, that the micro-industries that have the least in terms of profits' savings were those that generated the most employment. In summary, it can be affirmed that the guiding strategy governing their operations is inherent in the dynamic process of hiring, creating and generating employment. It would seem that a movement towards a coalition of family and community members exists to create a solidarity within the informal sector leading to independence, the reproduction of trades and the learning of a trade through practice. This dynamic process denotes a sort of separation that occurs in the informal sector between the dynamics of survival and the development of microenterprises on the one hand and the tendency towards the capital accumulation, on the other.

Towards an understanding of the path into the informal sector

As indicated in the section referring to occupations and trades, the path followed by the members of the informal sector is very long and hard. For 95% of those interviewed, the employment period in the formal sector was viewed as a means of saving money as well as acquiring security and experience in order to set up their own business later on.

One thing that can be inferred from the interviews is that there is movement between the formal and the informal sectors in both directions. Youths, from both urban and rural backgrounds, many of whom appear as part of the economically inactive population, are incorporated into the informal sector as apprentices. Their participation in the informal sector in activities in the areas of production, repair services or commerce is characterized by the fact that they were involved in the sector for very short time spans and received extremely low wages.

The majority of these young people sought opportunities for employment in the formal sector of the economy where they would remain for long periods, even when they had to adapt to new conditions of hiring that were present in capitalist companies, i.e., short-term contracts that exist only while there is sufficient work available. During this period they acquired more experience in certain activities, confidence in themselves, a work ethic, discipline, and opportunities for bettering their level of schooling.

After the completion of this period (a more or less lengthy stay within the formal sector that averaged 12 years in this sample) the tendency was to return to the informal sector, but on a different level, i.e., as an independent. They created a micro-unit with a sum of money saved during their time in the formal sector and with the help of friends and family. This, on occasion, allowed them to hire friends or family, without putting aside their activity as salaried persons.

Movement into the informal sector as self-employed or owner, in Mexico City, is by no means due to a natural or innate business disposition on the part of the individual.

What is manifested here is that the informal sector workforce is involved in a series of relationships in which both the state and the capitalist systems play a role. This is apparent in the way the following people expressed a positive attitude towards their newly-found independence.

> "...Because of our economic situation, without a father from the time I was eleven I had to look for work to support myself while at the secondary school...Also my family was very big, there were 8 brothers and sisters, so there was little opportunity for self-advancement. I had to go out to work to help out with family expenses. Among other factories I worked for the Volkswagen in Puebla. While I was working there I learned how to make wind breakers and I decided to save money for buying a sewing machine. I think I am doing all right at the moment because I am skilled now. I do not think that I would change and go into a regular job...I would not change for a fixed wage because in the first place I would feel tied to the company and at the moment I feel free and content...I feel good about what I am doing, it would be difficult for me to change". (SR)
>
> "I worked at the **Tintorería Francesa (a drycleaner)**, I marked the clothes. I put tickets on the clothing that the clients left so that it could be sent on to the drycleaning stage. I worked there for twelve years. All the time I was there I worked at the same job and I got better wages but I was employed and paid by the number of pieces I could process per day...If I had to decide between continuing with my business, making **migajón crafts** (dolls, flowers, ashtrays, among many others, made from crumbs mixed with glue and shaped by hand) and a fixed wage salary... with a boss, I would choose to stay at my business. I do not want to depend on a boss, as the boss earns the best part". (LO)

"I worked at the Ford Motor Company for one year on a lathe. Later I went on to other companies for four years...I learned the principles behind the lathe at school and the theoretical part at the Polytechnical Institute. I perfected the manual part of working the lathe with my brother. I have owned my own workshop from 1975 to the present -15 years...I would not go back to work for a big company., I cannot keep quiet when there is something wrong and I cannot take orders that are in themselves incorrect. Even if I were offered good money, I would not go back." (JG)

"When I left the **Prepa** (high school) at 19 or 20, I spent about a year without work, and then I worked for Campos Hermanos (a shoemaker's shop). I looked after the monthly production reports. Then I went to Aguilar (a shoemaker's shop) where I worked for nine years as a quality control officer. Then I started selling clothing and from there I went on to the manufacture and sales of plastic dolls...I would not go back to being an employee...when I left the **prepa** and I started working in my first job I thought that I would earn a fortune and it was not true. I worked day and night and still did not get ahead". (HP)

"My wife and I had both worked as clerks in offices for about ten years. I made the decision to resign from my job as I was sick and tired of being an employee and having to take orders from others. I have always done well at my jobs, but I was also a slave to them. I only saw my family at night and I knew that I had to do something to change that situation...I thought that if I was a good employee for other people, that I would be able to do exactly the same for myself. So I did. Beyond the financial benefits achieved, I would say that the greatest success has been in the area of family integration. Now I make detailed handcraft items such as religious articles and cake decoration items...I feel much better being self-employed rather than being an employee.

> Even if I were offered something great as an employee, I would not go back to that. I worked as an employee since I was 14 and I never got anywhere so to speak". (GS)

In summary, one could describe the basic elements that constitute the employment movement in the informal sector as follows:

1. - It can begin with an apprenticeship in the informal sector as a paid employee or as a relative in a level III microenterprise, for a short period of time, or movement directly into level I as a transitory or marginal worker.

2. - Then, there is a period in which they can become incorporated into the formal sector, in the majority of situations as temporary workers, where they learn, save, set up social ties and acquire personal security.

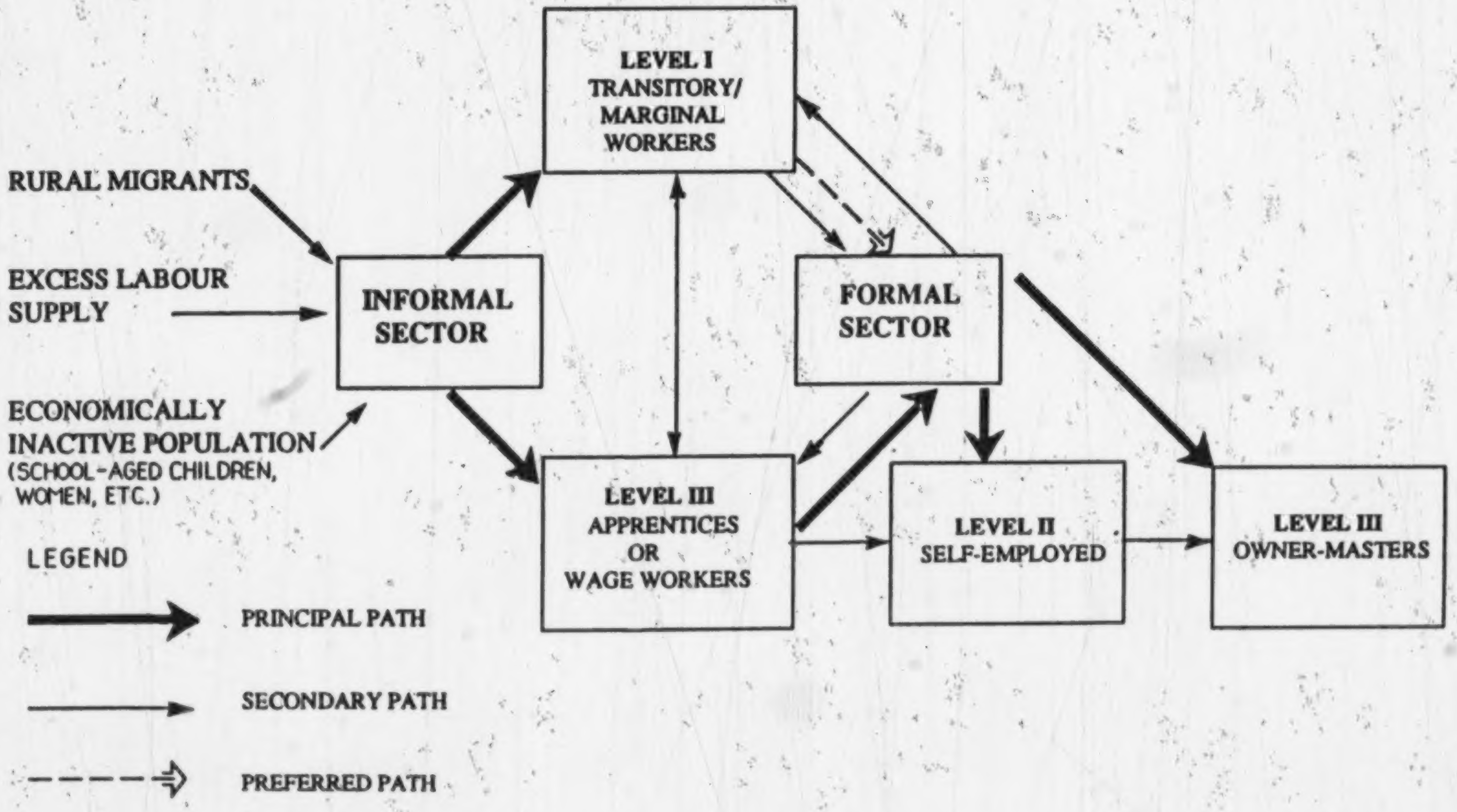
3. - Then, they return to the informal sector as a self-employed worker or as an owner-master. They may hire friends and relatives as apprentices or as paid personnel (transitional workers without employee benefits).

4. - If step 3 does not occur, there are two further possibilities: a return to the informal sector as a paid employee (level III) or they go back to any one of the activities grouped in level I that were previously mentioned. From here, they

begin once again to search for a chance to move into the formal sector (Figure 16)

FIGURE 16

PATHWAYS INTO THE INFORMAL SECTOR


RURAL MIGRANTS
EXCESS LABOUR SUPPLY
ECONOMICALLY INACTIVE POPULATION (SCHOOL-AGED CHILDREN, WOMEN, ETC.)
INFORMAL SECTOR
LEVEL I TRANSITORY/ MARGINAL WORKERS
LEVEL III APPRENTICES OR WAGE WORKERS
FORMAL SECTOR
LEVEL II SELF-EMPLOYED
LEVEL III OWNER-MASTERS
LEGEND
PRINCIPAL PATH
SECONDARY PATH
PREFERRED PATH

The analysis of the UIS labour history has permitted the discovery of new elements of its internal dynamics and complex organization. The specific mechanisms and levels of the teaching/learning process within the UIS will provide new grounds for future educational planning.

C. The Teaching and Training Mechanisms of the Informal Sector

Intentional informal learning processes

This section analyzes the intentional informal training defined as a conscious and voluntary process of teaching and learning. This is distinguishable from the unintentional form of training which is the disinterested and eventual acquisition of knowledge, because it becomes a necessary part of a social relationship whose organization is designed specifically for the transmission of knowledge. For this reason, the analysis of these types of informal training mechanisms has greater relevance to the purpose of this investigation in that it provides for the sketching of political and programmed lines of action that will positively influence the aforementioned educational and training processes.

In terms of the job situation, there were very few examples among those interviewed where the workers had received some sort of formal training that would permit them to function better in their current occupation. Among the few interviewees that could be cited as having an educational background of some type were the ironmonger who had indeed studied for a career in mechanical engineering; the carpenter, whose wife also studied dressmaking and the mechanic who had attended a course in auto-mechanics at a technical school. Yet, there were also cases in which the worker had received some type of training within the formal system but that was not related, whatsoever, with the type of work that he/she was currently carrying out, e.g., the shoe-heels manufacturer who studied a commercial career, the bicycle- repairer who studied graphic design and the small stationary and hardware stall owner who studied electronics. Thus, it is evident that the vast majority of workers interviewed had not participated in the system or the mechanisms of the existing formal training system. However, upon reviewing the list of occupations that are practised, it is evident that many of them correspond to a qualified trades system, some of them with a high degree of specialization. What becomes particularly interesting is the search for those informal mechanisms that have allowed this population to acquire their knowledge and training.

As was mentioned earlier, a wide and diverse range of informal teaching and training mechanisms exist, which, in actual fact, have certain links which depend upon the economic characteristics of the occupation which will differ according to the economic activity in which the job is found. Thus, it becomes appropriate to analyze the various branches of activities represented in accordance with the established characteristics of that type of work. The following section delineates these characteristics as they pertain to training and the acquisition of knowledge.

The learning system in the goods and services production units

The major part of the occupations corresponding to owner-masters and self-employed, are in trades that require a degree of advanced training. Such trades, represented among those interviewed, include mechanics, solderers, carpenter/woodworkers, lathe operators, shoemakers, plastic injection technicians and ironmongers. Without exception, the necessary learning and training were carried out in workshops or through practical work, where a "master tradesman" and "apprentice" system was utilized. This is manifested not only in the background of those who are currently trained (who, overwhelmingly, declared that they learned their trade as an apprentice to a master tradesman in the same field) but also, in their reports concerning how they in turn taught and trained their own apprentices and employees. Some of the paid employees in this type of business also attributed their low income to the fact that they lacked training and were "only apprentices" undergoing a learning process.

In this regard, there are two outstanding aspects in this apprenticeship training system:

Firstly, the relationship between boss/master tradesman and employee/apprentice is very clear. The boss has independent control over his/her establishment and does not depend upon other contractors or companies. Consequently, he/she is able "to pass" on his/her knowledge without any fear of losing money by way of affecting the cost in the production process.

Secondly, there is a greater awareness, among the bosses as well as the apprentices that, in effect, a learning process is being carried out in a specific trade. This awareness appears to exist even when a familial relationship exists between the master tradesperson and the apprentice.

This group exemplifies that an informal learning/teaching process exists within the confines of the informal sector. However, there are two cases of special interest that show how the informal and formal sectors of the economy are tied to each other by means of training of the work force at large.

The first case is that of a plumber, who learned his trade over a period of six months at the hands of a friend from the informal sector who was a master tradesman. Consequently, he received his training through an informal teaching system and, later on, was hired by a big construction company. At the present time he has his own independent business where he controls the entire process. This situation typifies the movement into and out of the informal sector as well as the relationship between the formal and informal sector in terms of labour mobility.

The second case is that of a candlemaker who was born in the state of Guerrero and finished grade six in an adult education program. This person probably earned the highest income among the sample studied. At ten years of age he began selling chewing-gum on the streets and worked as a construction-worker and a baker over the next nine years. After that, he was employed in a candle-making factory, where he acquired knowledge and training in the area. Later on, he established himself as a self-employed worker in his current occupation where he feels that he is suitably trained. For this man, the training process is an ongoing one since he still transmits his knowledge to his apprentices and employees on the job.

Throughout the whole group of established businesses and the self-employed workers who are engaged in the production of goods and services, there were only three exceptions to this general pattern, in which the hiring of apprentices constituted a conscious teaching/learning process: i) self-taught trades, ii) clothing assembly-line workers, and iii) food concession stands. This demonstrates that there is an important relationship between the informal and formal sectors as it pertains to the apprenticeship process in that it educates the labour force in an informal way.

i) The Self-taught Trades

The first exception is exemplified by the windbreaker manufacturer and the manufacturer of silk-screening machines. In both cases, their businesses represent the first and only permanent employment they have had. In addition, they began to work without first having the advantage of knowledge of their trade or previous training therein. All that they knew about running a business was what they had learned from their families or incidental knowledge learned in a factory "while on the job", which did not pertain to their present situation. Further, they did not tend to exhibit the existence of a teaching relationship with their employees. These workplaces, instead of acting as teaching/learning sites, only provided a "teach-yourself" facility, where previous knowledge was monopolized by the boss or by one of his/her relatives. This situation may have resulted because these two cases lacked a previous "teacher" model which, in turn, by not having had the experience, did not provide them with a precedent to transmit their knowledge. It can be assumed that without an adequate "teaching/learning" model, as described in the apprenticeship model above, the transfer or transmission of knowledge is restricted

ii) Clothing Assembly line workers

The other exception is illustrated by the clothing-assembly line-worker. Even in this exclusively female environment in Mexico, one can find a teaching-process despite the working conditions. The societal perception is that in order to carry out this type of work one needs to be knowledgeable and well trained in the use of a sewing machine. In addition, this training is viewed as part of what is consistent with a woman's natural inclinations. Secondly, after a short practical training period, further training is neither required nor encouraged other than in the purely operational sense. If this does take place, however, it is not recognized as training. A case in point is the clothing assembly-line worker who worked for over 16 years in a manufacturing workshop, and throughout her working years, carried out practically the same clothing operation. The same thing is true of the sub-contractor who did a similar task at home. Both of them considered themselves lacking an official trade and both perceived that, with better training to diversify their businesses, they could earn more money, even in the same line of work. Based on these observations, it can be said that, with regard to the question of training, the worker aspiring towards controlling his/her work process (as in the case of the clothing assembly-line workers) has more in common with non-specialized factory production line workers than with a workshop employee or the self-employed worker's apprentice, even though the clothing assembly-line workers consider themselves as "independents", because they do piece work at home during the hours they wish to work. However, one must assume that there is no master-learner relationship; rather, knowledge is acquired through practice and not "formal" learning. Once again the transfer of knowledge from teacher to learner is incidental and controlled by the possessor of that knowledge.

iii) Food Concession Stands: The Commercializing of Domestic Work

Finally, it is important to consider, within the context of exceptional cases, the service production units whose speciality is the sale of prepared foodstuffs. These can be distinguished from the rest of the activities examined up to now in three closely related aspects.

Fundamentally, the only training that is considered necessary to manage this kind of business is that the person knows how to cook, a training that is normally attributed, as in the case of the clothing assembly-line worker, to women in general as part of "their natural inclinations". Because of this, the second aspect inherent in this type of business is the underestimation of the knowledge and training necessary in order to carry out this function. The lack of appreciation revolving around a range of knowledge and skills actually deployed in these work activities is, of itself, extensive and extends beyond the realms of the kitchen itself, such as knowing where to buy supplies, how to attract the attention of potential clients, how to prepare 60 stuffed "chiles" (which is not the same as preparing ten). In fact, this whole range of activities is almost not considered as needing or requiring formal "training".

The third specific characteristic of food concession stands is the predominance of family businesses, whereby the greatest part of the work is done by members of the household who do not receive a salary. When there are paid employees, they are normally women, very poorly paid, who are not considered subjects for training either within, or outside of, their business.

These examples reflect the lack of recognition that is given to certain trades and to economic activities attributed above all, indiscriminately, to women. Indeed, a form of sexual discrimination exists, since the same type of job can be carried out by a man as a "chef" while a woman is classified as a "cook". The former is perceived by society as practising a trade with professional stature. Further, even though there is a true learning/teaching process in the acquisition of such a trade, it is not acknowledged as such because the process is informal.

Training and Teaching in the Informal Commerce Workers Sector

Generally speaking, commercial activities in themselves require a lesser degree of training than those which permit the production of goods and services. This can be seen in the lower educational levels of those people engaged in commercial activities, as self-employed individuals or as owner managers in their own businesses. There is also a notable diversity in the number of job situations held by members of this segment's population when compared to their employment history. However, in none of the cases studied, from wandering street vendors to established business owners, did workers, engaged in this line of work have a family or personal commercial work history, nor did they manifest concern about teaching the business to their children, let alone their employees.

The above observation leads one to believe that there is no form of traditional transmission of knowledge or skills in the area of commercial trade activities. Each person learns their business whichever way they can during the course of their actual working career. What is lacking here are organizational frameworks that institutionalize the training of employees in this area, albeit in an informal fashion, in the same way as occurs in the "helper-hiring" system employed by the handcraft workshops. Little importance appears to be attached to transmitting knowledge to other family members.

In short, the training of informal merchants is treated as an individual matter, with very little significance within the context of any of the organizational frameworks that have been used here. However, there are other mechanisms in operation which should not be left out. For this reason they are inserted in organizational frameworks that are distinct from those present in the neighbourhood, the family and the internal work relationship, enabling the population to train themselves in order to carry out some commercial activities.

Unintentional Informal Learning Processes

In the previous section, attention was specifically directed towards the informal teaching/learning mechanisms in which a certain degree of conscience and will is manifested for the effective transmission of the knowledge needed to carry out some specific trade. Throughout this discussion, it has become obvious that in some activity branches, the lack of awareness of these learning mechanisms is a predominant element.

In general terms, it is possible to identify the following two types of occupational situations in which the involuntary learning processes are those that determine the training of the corresponding workers.

A) In specific production activity branches (possibly those that require a certain degree of knowledge but little training) the worker undergoes a form of self-teaching while doing his/her job. The training process in this instance does not constitute a decisive element in the labour process that characterizes the economic activity being carried out. Some examples of this type of production model were found among the cases studied regarding production units of some goods and services, as well as being present in almost all the cases of commercial activities. A definable relationship need not be set up between these activity branches and the involuntary learning processes; however, one should not discard this possible hypothesis either. This further presupposes that the value of trades at this level are economically tied in that when there is an excess of work in these areas. Not only is the occupation itself demeaned, but the knowledge inherent in the job and the learning process that intertwines the two.

B) There are trades where the work corresponds principally to traditional duties assigned to females on the domestic front. Here specific reference is made to sewing machine operators and all those involved in foodstuff preparation, except for some "specialties" (i.e., fashion designers and chefs) that are traditionally assigned to men. Here, there is very limited, if any, awareness of the need for teaching mechanisms. In a large number of cases, the apprentice also was not cognizant of the fact that he/she was using specialized knowledge and abilities and that he/she was undergoing a process where those specialized talents would be acquired.

Unconscious learning, or learning without a teacher, constitutes a basic condition of human life and, as such, constantly intervenes in any type of trade or occupation (apart from these specific cases in which involuntary training seems to occupy a dominant position within the organization of economic activities of the type analyzed). Further analysis of this phenomenon is outside the limits of this research study, given the difficulty of directly relating it to processes for the establishment of criteria in order to implement educational and training policies. Its implications for education, however, are important and are discussed in the following section.

Summary of Part II

In the surveyed sample, men between the ages of 25-49 who were now second or third generation residents of Mexico City comprised the majority of the interviewed sample. For the most part, they pertained to levels II and III and were earning salaries well above the minimum wage (300,000 pesos/month). Those who pertained to level I also earned well over the minimum wage, which may be explained as an atypical situation within the Informal Sector. Many of these people were engaged in a variety of trades, some requiring highly skilled knowledge and others in jobs or trades that required very little knowledge in order to carry out the job successfully. Further, 84% of these people knew and had practised at least two other trades before becoming established in their present job. This was due to economic need, personal preference or the need to be independent as in the case of wage workers moving out of formal sector jobs to create their own businesses in the informal sector. This situation, however, generates a mobility between the formal and the informal sector from which a path can be established. As to the problem of capital accumulation in the Informal Sector, the results of the interviews show a tendency to create employment, community networks and profits without a capital accumulation dynamic. Intentional and unintentional informal learning/teaching mechanisms were identified among members of the UIS as the main form of transmitting and acquiring knowledge to operate their economic units. This analysis provides some elements to establish political and programmed lines of action for educational and training processes among the members of the UIS. However, theoretical studies need to be developed in order to define and conceptualize the UIS.

Part III:

Some Implications for Informal Learning/Teaching Process in Education

Based on the results of the study, it can be observed that the majority of those surveyed and interviewed have not participated in any formal training systems and mechanisms. However, upon reviewing their occupations, it is evident that many of them correspond to qualified trades and, others, to even higher levels of specialization. Therefore, it is very important to recognize the mechanisms through which these workers have acquired their knowledge and training. An analysis of these type of informal training mechanisms would be useful in drawing up political and programmed educational and training guidelines that focus on the informal sector.

In almost all cases, it can be said that apprenticeship and any necessary skilled training are carried out in a workshop or through practical work, through a "master" and "apprentice" in an informal system. This process could be described as an informal teaching process for the informal sector.

However, as was stated earlier, there is considerable mobility between the occupational situations that characterize the informal sector and those of the salaried formal sector as when the direction of this mobility is from the informal sector to the formal sector. This occurs mostly among salaried workers in the level III group, some self-employed people from level II and adults of level I, especially those who have been part of the formal sector, skilled and knowledgeable in their trades. A clear and direct connection between informal sector training and the informal sector cannot be established, a significant observation illustrated by the way in which the formal sector provides workers with knowledge so that they can employ themselves in informal activities. The converse is also true in that the informal sector provides the formal sector with trained workers. This role reversal demonstrates how the two sectors are intertwined in terms of training and employment mobility between the two sectors.

Without denying the need for general basic education and the importance of improved access to adult education programmes among informal sector workers, the results of the survey and the interviews show that there are two types of educational needs:

i) specific training that contributes to improved output and/or the expanding of the worker's current economic activity and

ii) specific training to achieve quantitative change, or the exercise of another specialization as part of their current economic activity.

With regard to training needs (i.e., to improve their current activity) there are two groups that demonstrate an interest in the acquisition of this type of training. The first group is comprised of those who carry out skilled trades, above all in the area of goods and services production, who recognize the importance of specialized training in order to get ahead in their field. However, as they are integrated into the employment system as apprentices, they place more importance on the accumulation of experience through practical application rather than on attending training courses. This is because the informal teaching/learning mechanisms are very difficult to substitute via structured training courses, without altering the underlying logic of the economic progression of these productive units. The other group requiring specific training needs are commercial vendors who consider that an understanding of accountancy and adminstration is very useful in the management of their businesses. This group feels that learning of this type of knowledge through their everyday practice is not enough and that they need a more formal and professional training process.

The second specific training type needed to achieve quantitative growth and professional success can be seen in almost all the units, disregarding the business categories, that have achieved a certain degree of economic success. These are the people who visualize a much greater scale of operations with the aid of some kind of training course, an illusion in the sense that not all their aspirations can be achieved through education and training.

It is evident, then, that an educational and training system for the informal sector members, especially those who have declared that they did not want or need to take training courses, must be based upon the following principles:

a) The training program must allow for the continual satisfaction of their main economic, social, political and cultural needs.

b) It must be developed on the job, while the group participates in the normal activity of the owner-master (i.e, the trainer/instructor) or that the trainer goes to their workplace and trains the personnel on the job site.

c) Training and educational activities should not cause new divisions among workers; i.e., both trainer and students should be in the same location.

d) Training must not be formalized into standard general certificates, but must be specific and tailored to the needs and circumstances of each group.

e) In spite of the fact that training should not become standardized, the basic specifications should permit compatibility with other training courses given as a requirement by some public or private programme or service. This will provide those who wish to continue in other formal training activities, the possibility to comply with certain formal educational system requirements.

f) It is highly recommended that a scholarship system be set up that will allow for a stipend to be paid to the student during the teaching/learning process. This will allow for an increase in the efficiency of such training as it guarantees, on the one hand, that the trainer will have a constant number of students working at his/her production unit and, on the other hand, allow the students to take advantage of the time needed for such training.

This proposed model, given the limitations inherent in the formal educational and training system, would attempt to fulfill the specific needs of the UIS members by developing an alternative model for the UIS education and training. Furthermore, it may respond more efficiently to the UIS members' educational and basic training needs without a great expenditure of money and time in long schooling process.

As can be seen by the data and analysis presented, there is evidence to support the notion that a labour market segmentation permeates, not only the formal sector but the informal sector as well. In this regard, the underpinnings of the labour market segmentation offer a set of elements as a means of understanding the differences that exist in the incomes of workers who pertain to the UIS. A number of alternatives have been proposed to resolve the causes of segmentation. One extreme proposes to change the entire social structure as a means of rectifying the social disparities whereas the other extreme offers micro-reforms which do not take into account the global social context. However, in this study, a specific educational alternative is proposed which considers the socio-economic context as an important aspect. The attempt here is not to change the entire UIS system; but rather change only one element of these people's lives (i.e., education and training) with the hope that this change may contribute to an improvement.

CHAPTER FIVE

SUMMARY AND CONCLUSIONS

This final chapter is divided into three sections. The first section is a summary of the study with the descriptions of the conclusions arising from the data. The second section discusses the major findings in the context of the research questions described in Chapter One and the final section describes recommendations for future research in the Urban Informal Sector.

A. Summary of the Study

1) Purpose of the Study

Numerous studies have been done in the Informal sector to determine the characteristics of this sector. A variety of descriptors have been created, but with very few relating to each other. The purpose of this study was to determine the characteristics of the Urban Informal Sector (UIS) in Mexico City and to ascertain the impact of education and training on the economic success and social well-being of the productive units within this sector as they pertain to the three-tier typology outlined in Chapter Two.

Three research questions guided this investigation. The first helped to describe the different characteristics of the UIS units. The second aided the investigation of the contribution of education and training in the operation of the UIS microenterprises. Finally, the third question helped to discover the actions needed to promote the development of the UIS as a means to enhance the standard of living of those people who work in this sector.

2) Methodology

Two research instruments were used to gather the data:

i) a **survey questionnaire** developed by the Centro de Estudios Educativos (CEE), collected quantitative data and

ii) an **in-depth interview** procedure provided more salient and qualitative details regarding the UIS in Mexico City.

The purpose of the survey questionnaire was to obtain data that could provide a socio-demographic picture of the UIS in Mexico City. The questionnaires were administered by a total of fifteen interviewers previously trained in the administration of the procedure.

Two hundred and sixty seven questionnaires were used to obtain the data. In the collection of the data, information that was representative of the various municipal zones of Mexico City was obtained. This was then coded according to the type of economic unit (single vs. multiple personnel) and business category (commerce, repair services, transportation and manufacturing). A statistical analysis, consisting of frequency counts converted into percentages and cross-tabulations, was carried out in order to determine the characteristics of the UIS in Mexico City.

The purpose of the second research instrument, an in-depth interview, was to obtain data that could provide an internal profile of members of the informal sector as they perceived themselves (i.e. those aspects that related to their business, their educational and training experiences and those features of their lives that they attributed for their economic success and social well-being).

Forty six respondents were selected for an unstructured face-to-face interview. Thirty-one were selected from the 267 subjects surveyed, i.e. those members pertaining to Levels II (Self-employed) and III (Owner-masters). Fifteen other interviewees pertaining to Level I (Transitory/Marginal workers) were selected from the street and were deemed as being members of Level I (see Chapter Two for description of typology). The interviews were recorded with the approval of the subjects and were later transcribed to ascertain the more in-depth characteristics of the UIS in Mexico City.

3) Conclusions

Although this part presents the major findings of this investigation, what follows does not address the third research question regarding the actions required to promote the development of the UIS productive units.

The first research question asked what the main characteristics of the UIS in Mexico City were. The majority of the members in this sample are men who fall into the "productive age" group, i.e., between 25 to 49 years of age. Of this group, the majority were born in Mexico City while the rural migrants were in the minority (12%), which does not completely coincide with previous studies that indicated urban migration rates were much higher (PREALC, 1974; 1978).

Within these units, the majority of the sample was comprised of multiple-personnel businesses with one or two wage workers, only a few of whom had any kind of contract. If they had contracts, they were verbal in nature and did not include medical or fringe benefits.

Such features as outlined above have led to the conclusion that there are no formal entrance barriers into the UIS. However, other kinds of entrance barriers do exist which take on the form of restrictions to entry exercised by the "mafia" that controls street vendors by demanding "quotas" or "bribes" before allowing them to commence and operate their businesses.

Within this group, more than half of the businesses had investments in fixed assets equal to approximately $500.00 Canadian dollars. Very few had more than $5,000.00 dollars invested in the business. In addition, many did not use a set accountancy system and employed old and often obsolete machinery. These features coincide with the definition applied to the Urban Informal Sector in this study.

In general, the majority in this sample sold their products directly to the public. Within the parameters of this research, it was difficult to ascertain empirically whether the sale of these products created a transfer of surplus capital into the formal sector. This is noteworthy, since this phenomenon is often considered to be a feature of the informal/formal sector relationship.

Two-thirds of the sample declared that they were doing better since they had started their own businesses despite the fact that they were not earning more money. This was supported by their comments wherein they value independence, family integration, personal development and autonomy more than mere economic or monetary success.

Even though more than half of the respondents stated that they did not save any portion of their revenues, they still were able to obtain sufficient income to meet their basic needs and, even, in some cases, improve their family's standard of living. This important finding shows that these businesses can play a dynamic role in generating gainful work without these workers having to engage in wage-labour and enter the capital accumulation process. Thus, the Informal Sector is able to generate employment on its own without following a capital accumulation dynamic.

More formalized characteristics seemed to appear with those businesses that demonstrated a sense of permanency, an attribute not normally associated with the Informal Sector. This refers to businesses that are "established" in one locale but tend to move somewhere else, should sales drop, where they can "re-establish" themselves.

Overall, there was a tendency to lean towards self-employment and ownership of small businesses. In almost all the specific business categories, a certain degree of success in the trade and a degree of economic success in terms of income and well-being had been achieved. This, in turn, affirms the importance of external aid in the form of training courses and higher levels of education, which leads to the second research question -- What is the impact of education and training mechanisms on the organization and development of the UIS economic units?

Previous studies done in the UIS (PREALC, 1974; 1978; SPP, 1976; STyPS, 1985) delineated very low levels of schooling or total illiteracy to be one of the characteristics of the sector.

These individuals had at least completed their elementary schooling, and those who were obliged to leave school usually did so for purely economic reasons. This implies that, although these people perceive education as valuable, they are willing to sacrifice it in order to meet basic needs. This could explain the reason for such a high drop-out rate from formal schooling among the members of this sample.

Although very few people in the sample had received any previous training in order to start their business, most of them had learned a trade before they began to work independently. Most of the sample had not acquired their trade at school, but rather had received on-the-job training; consequently, people did not value training courses as presently operated by the formal system. Relatively few of the respondents (namely those with higher levels of schooling) felt that formal education would improve their present standard of living. Two groups that manifested a special interest were the specific trade apprentices and those involved in the commerce and service industries. The latter felt that bookkeeping and administrative skills would facilitate extending control over their business practice.

Most of the people in the sample had at least one trade and a substantial number possessed two or more. The most recently learned trade also tended to be the one in which they were presently employed. Since these trades were learned on the job rather than in school, this has serious implications for educational programs within the formal system as it is obvious that these people's needs are not being sufficiently addressed. This pattern may explain why these people have been integrated so easily into the informal sector where credentials or certification are not required. This is further exemplified by the number of responses as to what should be taught in school in order to better their working conditions.

Although little more than one quarter of the respondents felt that there was nothing they could recommend to change the educational system as it stands, more than half suggested that sales, administrative and business techniques and trades should be taught at school. The respondents also emphasized that training in these areas should be of a practical nature and not theoretical, however, the degree to which they felt such changes or additions would facilitate the economic success of the productive units was not clear. Moreover, their lack of faith in the formal educational system further substantiates the notion that they do not view education as a vehicle to economic success. This view of education provides some insight as to why the predominant business categories were repair services, food production and passenger transport, since these businesses require only a limited amount of formal schooling.

Those people who had more than eight years of schooling tended to have acquired their trade in a formal institution. This group was inclined to believe that their education had provided them with the basic elements of a trade which later could be applied to the creation of an independent business. On the other hand, those with lower levels of schooling who tended to have learned their trade(s) either on the job or with an acquaintance, expressed less confidence in education as a means of acquiring knowledge that could be attributed to formal training. This perception becomes more evident when schooling and the desire to learn new techniques are correlated. Once again, those with lower levels of schooling demonstrated less interest in acquiring more education and training to enhance their present situation than those with higher levels of schooling. This has practical implications for a government agency which, upon seeing these findings, may be inclined to offer training programs that they perceive would assist those with less schooling. What these agencies would fail to see, however, is that the persons who would register in these types of courses would be the very same ones who view formal learning as a means of improving their ability to function on the job. Furthermore, this may have political consequences as the government may be perceived as favouring the already "privileged" sector of workers. The challenge, therefore, is how best to meet the needs of those who have less confidence in education and who could best be served by a training program of this nature. How can the ones that need this training be motivated to participate in these beneficial programs?

The patterned difference in perception of schooling/training and its benefits, mentioned above, is further demonstrated in the results obtained with regard to changes in economic success. Once again, those with higher levels of schooling and possessing previous formal training tended to experience more success in their business. That these people also tended to be the ones whose businesses had been established within the last five years, may be a consequence of the growing trend towards unemployment of the better educated. In contrast, those with lower levels of schooling tended to own businesses that had been established for longer (six to ten years) periods of time. One possible explanation for the low interest in further education among those possessing less education may be that the long term survival of these businesses has given their owners a sense of security and accomplishment which the educational system was unable to give them, thus convincing them that further education is not necessarily beneficial. However, this is merely speculative and further research would be required to provide a more satisfactory explanation.

Membership in the UIS is, therefore, not primarily a result of the **lack** of education but, rather, is due to the pre-existing structure of the labour market and their conscious choice of livelihood.

4) Findings and further reflections on the study

The research instruments used in this study limited the amount and type of data that could be obtained with regard to the UIS in Mexico City. The questionnaire served only as a means of obtaining socio-demographic information. The unstructured interview gave valuable information on how the members of the UIS perceived themselves, indicative of how a reflective process can provide insight into the daily lives of these members. However, in order to fully comprehend the complexity of these peoples' lives, a third research method, **Participatory Research**, should be employed.

To understand participatory research and what it can accomplish, it will be helpful to examine the following questions.

WHAT IS IT FOR? Participatory Research has an eminently practical purpose with the intention of producing change. This is why some authors see its seed (origin) in the Second Thesis on Feuerbach: "Until Now philosophers have only interpreted the world in various ways; the point is to change it "(Marx, 1947).

Participatory Research should be understood as a reaction to the futility of conventional research whose contributions to social change, in less developed countries or underdeveloped countries, has been negligible. It also attempts to put the necessary knowledge into the hands of the "oppressed" to facilitate better living conditions.

WHO DOES IT? Participatory Research is carried on, consequently, by the "oppressed" who, organized in groups, will be able to discover the forces that produce their oppression and will undertake actions to overcome them.

The role of the external researcher/educator is not to conduct the research process but only to support it as a facilitator. While conventional research draws a clear line between subject and object (i.e., the researcher and social reality) Participatory Research contends that researchers are part of the social reality and affect their behaviour -- subject and object are, therefore, affecting each other.

HOW IS IT DONE? Participatory Research often begins with the identification of a problem that participants have in common. The problem may be the lack of water, unemployment, lack of health facilities, hostile attitudes of local authorities, youth suicides, alcoholism, drug addiction, etc. The group tries to understand the problem and to analyze its causes; the process often challenges accepted ideas and conventional explanations. Gradually, as the discussion brings forward various alternative solutions, the group chooses one and organizes its actions. As these actions are carried out, the group reflects on the outcomes, draws conclusions and, through this process, advances in its knowledge of the social reality.

In such a process three dimensions should be identified: RESEARCH, ACTION AND EDUCATION. These three actions are essential to Participatory Research, with the following two qualifications:

1) The interaction between research and education. This brings about a certain confusion when one reads some authors who deal with Participatory Research. On the one hand, there are those who place more emphasis on the research character of Participatory Research and reinforce

its potential value as an alternative approach to understanding social reality.[1] On the other hand, there are those (Freire, 1972; De Schutter, 1981; Le Boterf, 1981) who emphasize the educational aspect of the process; i.e., the discovery process that is secondary to the educational results brought about in the participants.

2) The relationship between research and action. In the practice of Participatory Research the cycle REFLECTION-PRACTICE-REFLECTION is applied to very concrete issues, which can be resolved in a short period of time. This process may prevent a systematic integration of knowledge, which often is an essential component of scientific knowledge. This should, perhaps, be viewed as one of the limitations of this type of research.

While the debate has centred on philosophical, epistemological and methodological aspects there are still many unresolved problems and ambiguities. What can be learned, however, from Participatory Research is that:

a) Social constructs differ from "natural" facts. Social facts are not intrinsic but are socially constructed with the intervention of people and are not as easily managed as "natural" facts.

---

[1] Fals Borda (1981) has developed his ideas about the popular knowledge and elaborates and proposes a popular science opposed to prevailed science.

b) The assumption of neutrality in our knowledge of social reality is not defensible. Values permeate and condition our knowledge to a greater extent than in the natural sciences.

c) There are many important elements in social reality like feelings, values or intentions of people which influence social processes. To understand these elements we need qualitative approaches even if the findings cannot be expressed quantitatively.

d) Personal involvement and even commitment from the people acting upon reality does not necessarily hamper research objectivity, and may, in fact, enhance it.

e) Applied social research should include transformation of reality. The researcher who does this type of research has a moral commitment regarding its utilization.

f) People's participation in the research process should be fostered whenever possible. Very often, their appraisal of the quality of knowledge obtained contributes to making it more useful to all participants.

g) Participatory Research represents a challenge to the prevailing social research practices in that it criticizes the dominant positivist approach of contemporary social sciences.

In summary, this form of research would allow the researcher (facilitator) the ability to participate in the daily activities of these members and to promote the gathering of data. This could affirm such aspects as the influence of education, the training processes that exist, how information is transferred to employees in multi-personnel units, what different educational activities can be applied as a means of enhancing the lives of members of the informal sector and how these people feel these activities can be carried out. Further, this implies that a transformation might arise as a result of certain actions that take place. This method would require more time invested in the study, but it would also allow for a fuller understanding of the UIS.

B. Revisiting the Research Questions

Three lines of inquiry guided this research study: the first directed the exploration of the characteristics of the UIS and its nature, organization, development and relationships with the Formal Sector, from different theoretical perspectives. Secondly, the question pertaining to education and training mechanisms within the UIS was used as a guideline for analysis in order to determine their importance in the successful operation of the UIS productive units. The last question provided a framework for defining different possibilities for promoting the development of the UIS.

1) What is the UIS?

In the analysis of the Informal Sector it is evident that this heterogeneous phenomenon is an integral part of the economic structure of underdeveloped capitalist countries and shapes, to some degree, the reproduction process of the Formal Sector. It is also obvious that the Informal Sector is a growing phenomenon taking place in extremely complex forms.

In this regard, the Labour Market Segmentation Theory serves as a means of better understanding the labour market as a heterogeneous structure rather than a homogeneous one. Further, it provides a means for situating the UIS within this heterogeneous structure. This theory also provides a framework for understanding the reason why income is not dependent on education, as assumed by the Human Capital perspective, since the Labour Market Segmentation theory asserts that workers' incomes are determined by variables that are "exogenous" to the individual. This theory is at its strongest when applied to fully-waged production contexts. However, it is limited in its ability to define the UIS - a mixture of non-waged and waged, but poorly organized sector of production - as it is unable to explain its origin, development and internal structure. The UIS is a phenomenon particular to Third World countries and it is difficult to understand when applying labour market theories that pertain to fully developed capitalist economies. Thus, the Labour Market Segmentation theory is useful only as a means of describing the placement of workers of the UIS in the overall market, but it cannot be used as a theoretical framework to define what the UIS is.

In this sense, the Urban Informal Sector has its own structure. In general, it can be affirmed from the research, that the UIS assumes two types of productive activities: i) subcontracting and ii) production and direct sale of goods and services. The first is difficult to characterize, since, in the case of Mexico, the origins and internal structures still remain largely unknown. However, the existence of subcontracting as a distinct component within the UIS has given rise to numerous proposals with respect to the relationship between the Informal and the Formal Sector (PREALC, 1978; Portes and Benton, 1987). Generally speaking, subcontracting (known in Mexico as "maquila") does not consist in direct sales to the public but to a formal sector business with which a contract has been prearranged. In this research these type of productive units were excluded, because they were considered an extension of larger formal industries.

In the second type of activities, goods production and repair work predominate over service and its direct sales to the public. Here the relationship existing between the Formal and the Informal Sector becomes much more complex because the UIS units sometimes appear to be subordinated and exploited by

Formal Sector enterprises and at other times they appear to be autonomous and independent from them. Another difficulty lies in the fact that a clear definition of the relationship between "owner-workers" on the one hand and "owners" and "workers" on the other hand is hard to establish because they are so closely intertwined.

As discussed in Chapter One, this difficulty of conceptualization and definition, in and of itself, continues to be the main methodological problem and produces confusion in terminology. The ILO is the organization that has done considerable research in this area; nevertheless, criteria used to define the UIS are unclear, at times contradictory and, on occasion, are centred on activity descriptions. A vast range of terms have developed that are ambiguous and give negative connotations to the UIS. The term "Informal Sector" is the most often used reference in the ILO studies, not because the term, **informal** is the most appropriate, rather, because it indicates the absence of appropriate or clear forms such activities may take, presumably due to their transitory and, sometimes, illegal nature.

The transitory nature of the UIS, however, appears to be somewhat mythical as the interview data clearly indicates that employment longevity in the UIS is higher, on average, than that of the Formal Sector. The assertion that the UIS is transitory is true if one looks solely at the activities carried out by the individual. However, when one considers the various employment pathways of the families, the permanency of the UIS and its predominance within the economic framework of underdeveloped countries becomes more obvious. If one considers the family unit within the UIS and not the individual, the tendency is for the UIS to remain as a permanent structure within society. Within a family unit a collective strategy appears to be embodied which consist of a combination of two or more sources of income (salaried workers in large Formal businesses, salaried workers in Informal businesses (level III), self-employed or marginal workers).

Furthermore, since the UIS's structure superficially appears to be transitory (including, among others, illegal activities such as drug trafficking, sale and purchase of stolen goods, etc.) one can easily assume that one of its main characteristics is its illegal nature. Such an assumption, however, is likely an overstatement, since the "illegality" may only exist in one small specific area within the whole situation (e.g. taxation, hygiene and social regulations, etc.) and is not sufficient to describe activities as "underground", "illegal" or "unofficial". In the case of Mexico no underground or clandestine characteristics exist because their presence is common knowledge and accepted in spite of their being against the law. The authorities condone this tolerance-legitimate repression relationship because they are able to act upon it at their discretion. The UIS, therefore, cannot be defined solely within the context of illegality because the State and the UIS could implicate one another. So intimate is their relationship that it may trigger important political repercussions.

There is a tendency for international organizations such as the ILO, the World Bank, Interamerican Development Bank, as well as relevant groups within a society, to promote and to consolidate the tendency towards a "formalization of the informals". This process consists of selecting the most successful economic units of the UIS and then providing these same units with credit and training. It is assumed, as well, that the only viable economic development path is a capitalist one since capitalist businesses are the only ones which would survive and create real employment. However, the results from the interviews in this research contradict such general positions. The findings suggest that the microunits in the UIS do not tend to accumulate capital but rather generate production and exchange opportunities capable of producing subsistence income from non-wage work.

The definitions of the UIS have proliferated as each author presents his/her own definition, which is slightly different from those used by others. These definitions and/or characterizations of the UIS respond to different theoretical and methodological perspectives. They are, in general, the product of the object studied and the "a priori" or taken-for-granted world views of those who coin them. In order to avoid confusion, some authors (Eviota, 1983; Crockcroft, 1982a;

1982b; Humphries, 1983; Singh, 1990) have tried to define the problem in terms of **conservation-submission**, incorporating formal submission of work or labour to capital. This argument is based upon the fact that the UIS is a pre-capitalist or transitory form of production that is conserved because it allows for the reproduction of the work-force at lower costs. Thus, it is assumed that the goods and services produced in the UIS are sold at prices that are below their value and consequently, when wage-workers of the formal sector acquire these products, their labour is devalued. This argument leads us to ask the question --Is productivity really lower in the UIS? In this case, it would have to be demonstrated, that providing salaried goods at lower prices than the Formal Sector does, compensates for the lower wages of the UIS. The main problem centres on the nature and origin of the UIS - whether it is a pre-capitalist or a more recent phenomenon. This analysis of the **conservation-submission** approach appears to be a Marxist version of post-dualist studies that view the UIS as a traditional sector within urban life. This states that it is the shortage of capital in the modern sector which explains the absence of economies of scale in this sector: an absence that could explain the reason for **conservation-submission**. Recent Mexican history during the 1970s and early 1980s challenges this view. Extremely rapid capital accumulation during this period provoked accelerated development of the UIS but not necessarily in a subordinate relationship with the Formal Sector. This raises the issue of the interdependence of Formal-Informal Sector workers and the effect they have on the levels of real wages. However, whether this is the case would be the focus of further intensive study beyond the scope of this research topic.

There is also the issue regarding the existence or non-existence of a transfer of surplus-value from one sector to the other. This has led some authors (De Brunhoff, 1978); Morice, 1985) to develop a theory of superexploitation within the UIS itself which intimates that worker earnings in this sector tend to be so low as to be insufficient for sustained reproduction of labour. The difficulties that face attempts to demonstrate the existence of superexploitation as it relates to the UIS, are similar to those that characterize the debate over domestic work (Fee, 1976; Molyneux, 1979). In addition, there are other difficulties such as the fact that on many occasions the income obtained by the UIS members is higher than that obtained by their counterparts in the Formal Sector.

Due to the conceptual traps inherent in the definitions and variations in the characterization of the UIS, superexploitation theorists of UIS have developed conclusions that are not very original or creative. They assert that the UIS only contributes to the maintenance of lower wages, without being able to theorize about the mechanisms through which this take place. Therefore, it is necessary that a different starting point be taken in order to analyze the relationships between the UIS and the Formal Sector and to show how the reproduction of the whole economic system passes through the reproduction of a heterogeneous structure.

The question remains whether the UIS is evolutionary or involutionary. Furthermore, is the UIS the place where capital accumulation is achieved and, if so, what types of UIS units are transformed into capitalist enterprises? These questions are rarely analyzed in a precise manner because of the difficulties that are evident in the theories and methodologies themselves. Thus, in order to find out if a tendency towards capital accumulation exists in the UIS, it would be necessary to carry out an historical analysis within the framework of a sound theory. Although there still appears to be no clear or precise definition of the UIS, either theoretical or practical, the importance of further research on this phenomenon, in light of the growth of its political-economic ramifications cannot be overemphasized. Underdeveloped countries would be assisted in developing policies concerning units and workers if they knew the determinants of the growth of the UIS, its internal dynamics and its effects on the economy as a whole. Again, this type of analysis far exceeds the limits placed on this dissertation and would require more in-depth study.

2) Education and training as it pertains to the UIS

It is generally believed that the linkage between job pre-requisites and general education (academic up-grading) is not as close as that between job pre-requisites and technical or vocational education (skill up-grading). The distinction between technical and social (i.e., academic) qualifications demands clarification of social norms which are usually produced by general schooling as the first objective of any educational policy. At school one does not only learn how to read, write and count, but also how to follow a fixed timetable, to obey authority, to see oneself as a citizen inserted in a societal hierarchy and to belong to a structured national unit through history and culture.

The norms that are either structured by, or transmitted through, the school cannot be perceived merely as knowledge, but also as behaviourial patterns and as an internalized view of social relations. The purpose of schooling, then, is to produce a homogeneous and individualizing effect that cannot help but have some sort of impact on work-related conduct. In particular, there is a very strong homology between school organization and the organization existing in large industries (Bowles and Gintis, 1976).

The road paved by general schooling does not only exert some influence on the elimination of "technical" barriers for entry into the Formal Sector, but also produces predispositions for entry into the work-force. It would be naive to view schooling as the sole prerequisite for access to formal employment; however, the hypothesis that more people could be absorbed by the Formal Sector if they had more schooling, which should also give them more mobility within the sector, is not proven.

Research regarding the relationships between education and employment in Latin America (De Amaral Ferreira et al., 1989; Gallart, 1989) has demonstrated that, even though their employees possessed technical diplomas, Formal Sector employers were seeking more of a guarantee in terms of reliability and discipline. In general, apart from disciplinary guarantees, technical training allows for "mobility" of qualified labour in larger numbers, particularly in microbusinesses; that is, in most cases, technical knowledge was already acquired before entry into training courses. Acquisition of such diplomas by potential employees enabled employers to immediately select "adequate" personnel. Evidence of prior technical training, therefore, is treated by employers as a guarantee of the individual's general suitability as an employee and not just a narrowly defined process for technical competence.

The policy of expanding basic general education and the length of schooling, however, continues to be a primary focus of all democratic nations. When seen as an imperative in itself, however, education as a means of employment creation discharges new, perverse effects plainly evident throughout Latin American countries (i.e., generalization and extension of endless schooling, as a mean of achieving a political consensus). However, this expansion has produced an excessive number of graduates in all fields, in relation to the present state of the social division of work. In the face of the high unemployment experienced by these graduates, their discouragement in terms of social aspirations is difficult to resolve since education has been held up as the universal panacea.

A sudden increase in the number of younger people attaining the secondary level of education (nine years) would lead to their absorbtion into the Formal Sector labour force, an emigration of diploma personnel to the urban centres and an increase in open unemployment. This does not mean that such policy should not be followed, only that this type of effect is now predictable where the educational policy is not coordinated with an employment policy. One of the main uncontrollable political problems of any country is the one of "expectations". How can the possession of a secondary education diploma by young graduates be seen as anything but an implicit promise to appropriate employment? The same argument can be made with reference to higher education. How is it possible to carry out the objective, the expansion of basic education, without fuelling individual personal aspirations for social and occupational mobility? In some Latin American countries (Argentina, Brazil, Mexico, Peru, Chile) the solution has been the massive creation of employment within the public sector (government) for those who have received a diploma. Some other countries in Latin America (Colombia, Mexico, Peru) have established programmes to allow diploma holders to create microenterprises, but this is still at an experimental stage. This situation has created a number of problems, the analysis of which is, again, beyond the limits of this research.

The results of this research have shown that the majority of those surveyed and interviewed had learned their trades on the job. Furthermore, it has been observed that, although most of the people in this sample did not receive any formal training, many of their trades correspond to qualified trades and some even pertain to higher levels of specialization. Consequently, one should recognize that although these workers have acquired their knowledge and training through informal training mechanisms (i.e., apprenticeship and skill training carried out in the workplace and through practical work in developing an informal "master-apprentice" relationship) there is value in this form of learning.

An analysis of these informal teaching/learning processes offers key elements for the development of an alternative and complementary model for training the UIS members and would encompass and consolidate an informal training process which already exists among the members of the UIS. The basic principles of this model, presented in Chapter Four are:

i) training must be on the job, carried out in the workplace and during normal productive activities.

ii) Knowledge must not be formalized into standard certificates; rather, it has to respond to the specific needs of each group.[2]

iii) A scholarship system has to be established to support the student during the training process.

3) The financing policy as a possibility for developing the UIS.

A discussion of the prioritized political aspect called "the formalizing of the informal" is limited to general observations that are independent of particular activities or production branches.

In Mexico there is no State financing for the UIS; rather, financing is tied to a decision that is related to specific projects and globally established financial decisions in terms of the "viability" of the microbusinesses. This decision of "viability" is often excessively encumbered by the demand that they "prove" their ability to prosper and grow. A large number of microbusinesses are excluded from bank financing because of their limited ability to grow economically. If the assumption is that the objective of a financing policy is to promote employment and not the emergence of a group of small capitalists, it is evident that the loans needed by the UIS would be short- term loans. These would be used for the purchase of stock as inventory and, consequently, avoid their daily price fluctuations in the market-place. Essentially, the disappearance of the UIS units in the areas of services and commerce is because of cash-flow problems.

---

[2] However, compatibility with other formal training courses is recommended, especially for those people who intend to continue formal training courses.

The greatest problem of any bank financing in this sector is the inability or unwillingness of an UIS enterprise to maintain an acceptable accountancy system due to its fear of taxation controls. The majority of productive units do not ask for loans nor would they be given loans because they do not meet the criteria set out by the banks.

From the above reflections it can be seen that all financial policies have either very limited positive effects, or have negative effects that are presented as being positive (i.e., a reasonable amount of employment as per their criteria has been created by the "helped" economic units, but at a cost that has greater destruction in other places).

The financing policy for the UIS units, in order to be an effective means of employment creation, has to be separated from the tendency to "formalize the informal". Among other possibilities, short-term loan development should be explored although the problem here is that microunits that are potential clients of the financing services generally lack an accounting system. A case-by-case system would probably be more effective rather than one predicated on the use of a universal set of rules for all units regardless of size or nature of operation, etc. Two general possibilities, however, could be explored:

a) Credit cooperatives could be developed and administered by the owners of the microunits in a specific type of business or branch of industry in a predetermined area. Such a system would rely upon quota payments or fees and aid or support from the government. The profits would not be shared by the government, but rather would be reinvested in a trust fund. In turn, the trust fund could be used by members as a financial guarantee for larger loans or as a means of demonstrating financial responsibility for smaller loans to the bank in which the trust fund would be used to finance a portion of the loan with the bank supplying the other part.

b) The development of a lending chain from suppliers: The banks, based on a guarantee from government entities, would lend money to suppliers of economic units, on the condition that these suppliers, in turn, lend the same amount to the UIS units. The problem here obviously is one of control procedures.

The function of these types of financing would not be to impose a need to become more "formal" upon the microunits but rather to provide them with financial support. There is a possibility of distributing the assets amongst the UIS microunits and creating an internal organizational structure that is self-supporting.

C. Recommendations for Future Research Studies of the UIS

This investigation focused on the main characteristics of the members of the UIS in Mexico City and the importance of education and training and their influence on their economic success. It was during the analysis of the data that certain other aspects of the UIS, which could not be addressed due to the confines of the research, came into focus and are considered very important in understanding the nature of the UIS. It is these aspects that could be considered in future research studies as a means of providing a fuller or more complete picture of the UIS. Several recommendations derived from the present research are:

1) The discussion and analysis about such aspects as the capital accumulation capacity of the UIS, the type of relations established between the UIS and the Formal sector, the reproductive capacity of the UIS, its evolutionary or involutionary character and its possibility to promote employment, in total, constituted the beginning of the conceptualization of the UIS. However, further

theoretical studies are needed in order to conceptualize, define and explain, in a much clearer manner, what the Informal Sector is. These types of studies would lay the foundation for a framework that would develop future methodologies and techniques to carry out investigations with regard to this phenomenon.

2) A longitudinal analysis should be carried out in order to obtain information that would allow for a better understanding of the nature of the UIS's origin and its development, i.e., whether or not it is evolutionary or involutionary and what the nature of the relationship between the Formal and the Informal sectors is (i.e., collaborative or exploitative).

3) Salaried workers and relatives within the UIS should be considered and included in future studies in order to provide a more comprehensive characterization of the UIS, as well as a more complete picture of the relationships that exist with regard to production within these economic units.

4) The transitory or "marginal" segment (level I) should be incorporated into the analysis of the UIS and studied using a participatory research approach. This would allow for a better

understanding of what constitutes the factors that influence movement along this pathway by the UIS as described earlier.

5) Comparative studies of teaching/learning processes between the formal and informal sector members are necessary in order to assess the value of education and training for both. These types of studies may be able to suggest a variety of ways in which educational programmes can be implemented that would cater to the varying needs of the workers in these two sectors.

6) Comparative international studies between industrialized and Third World Countries would provide valuable insight into the essential differences of the same phenomenon, that apparently, exist. Research in the area of education and training and its influence would be compared as a means of understanding how education has evolved and influenced the labour force in these two different types of social formations. The data obtained from this kind of research may assist in providing directions for educational policies that relate to the informal sector in general.

The types of studies suggested above may provide us with vital information and possible solutions to the numerous problems that still exist within the UIS. In closing, much research is needed in order to fully comprehend the inherent socioeconomic and educational ramifications this sector has for a Third World country's economic development.

BIBLIOGRAPHY

Altimir, O and Pivieira, S. (1977)
Decomposition Analysis of the Inequality of Earnings in Latin American Countries, Chile: CEPAL

Alessandrini, S., and Dallago B. (ed) 1987
The Unofficial Economy, England: Gower Publishing Co.

Amin, S., (1976)
Unequal Development, New York: Monthly Review Press

Averch, H.A. et Alli (1972)
How Effective is Schooling? A Critical Review and Synthesis of Research Findings, Santa Monica, Ca: The Rand Corporation

Ayala, Ulpiano (1982)
"Crítica del Sector Informal", *Estudios Marxistas*, No 22, Bogotá

Bawley, D. (1982)
The Subterranean Economy, New York: McGraw-Hill

Becker, G.S. (1964)
Human Capital, New York: National Bureau of Economic Research

Becker, G.S. (1967)
Human Capital and the Personal Distribution of Income, Ann Arbor: The University of Michigan Press

Berger, S. and Piore, M., (1980)
Dualism and Discontinuity in Industrial Societies, Cambridge: Cambridge University Press

Berstein, H. (1977)
"Notes on Capital & Peasantry", *Review of African Political Economy*, vol. 10 (1977)

Berstein, H. (1986)
Capitalism and Petty Commodity Production, Development Policy and Practice, Working Paper Num. 3 Milton Keynes: Open University

Bhalla, A.S. (1973)
"Self-Employment in the Less Developed Countries: Some Aspects of Theory and Policy" in D. Wohlmuth (ed) *Employment Creation in Developing Societies*, New York: Praeger

Bienefeld, M., (1974)
"The Informal Sector and Peripheral Capitalism: The Case of Tanzania" *IDS Bulletin* 6 (3)

Bienefeld, M., (1976)
"Statistical Problems on Measuring Unemployment and the Informal Sector", IDS Bulletin

Blalock, H., and A.B. Blalock (1968)
Methodology in Social Research, New York: McGraw-Hill Book Co.

Blalock, A.B., & H.M. Blalock (1970)
Introduction to Social Research, New Jersey: Prentice Hall, Inc.

Blau, P. and Duncan D. D. (1967)
The American Occupational Structure, New York: John Wiley

Blaug, M (1972)
"The Correlation between Education and Earnings: What does it signify?" Higher Education, I (1), February

Bourdieu, P. and Passeron, J.C. (1970)
La Reproduction, Paris: Les Editions de Munuit

Bowles, S. (1971)
"Unequal Education and the Reproduction of the Social Division of Labour" Review of Radical Political Economics, 3 (4) Fall/Winter, pp 28-47

Bowles, S. and Gintis, H. (1976)
Schooling in Capitalist America, London: Routledge and Regan

Paul Brambeck, C. and T.S.Thompson, (eds) (1973)
New Strategies for Educational Development: The Cross Cultural Search for Non-Formal Alternatives, Lexington, Mass: Heath

Bremen, J.A. (1976)
"A Dualistic Labour System? A Critique of The Informal Sector Concept", Economic and Political Weekly, 2, 48-50

Bromley, R. (1978)
"The Urban Informal Sector: Why is it Worth Discussing?" World Development, 6 (9-10)

Bromley, R. (ed) (1985)
Planning for Small Enterprises in Third World Cities, Oxford: Pergamon Press

Bromley, R., and Gerry, C. Eds (1979)
Casual Work and Poverty in Third World Cities, New York: John Wiley

Calabi, A., et al. (1974)
Dual Labour Market in Latin America, An Empirical Test. Summary. Berkeley (mimeo)

Cardoso, F.H. and E. Faletto (1979)
Dependency and Development in Latin America, Berkeley and L.A. California: University of California Press

Carnoy, M. (1967)
"Rates of Return to Schooling in Latin America" Journal of Human Resources II Summer, page 359 - 374

Carnoy, M. (1980)
"Segmented Labour Markets: A Review of the Theoretical and Empirical Literature and its Implication for Educational Planning" in Education, Work and Employment II UNESCO Paris: International Institute for Educational Planning, pp 9-122

Carnoy, M. (1981)
Enfoques Marxistas de la Educación, México: Centro de Estudios Educativos

Carnoy, M. (1981)
"Education and Innovation", New Education Vol 2-3 Num 1, pp 15-25

Carnoy, M., and Levin, H. (1985)
Schooling and Work in the Democratic State, Stanford: Stanford University Press

Carrillo H., M. (1986)
Los Programas Regionales de Empleo en México: Puebla (The Regional Employment Programs in Mexico: Puebla), México: El Colegio de Puebla, p 249-63

Cartaya, V. (1987)
"El Confuso Mundo del Sector Informal", Nueva Sociedad, Num 90

Carter, M. (1976)
"Contradiction and Correspondence: Analysis of the Relation of Schooling to Work" in Carnoy, M., and H. Levin, The Limits of Educational Reform, New York: Longmans Books

Castells, M (1971)
Problemas de Investigación en Sociología Urbana, México: Siglo XXI

Centro de Estudios Educativos (1971-1988)
"Estadísticas del Centro de Estudios Educativos", Revista del Centro de Estudios Educativos, Vol. 1-18

Centro de Estudios Educativos (1986)
"Proyecto de Promoción y Apoyo a la Generación de Empleo de la Ciudad de México", México: CEE, Unpublished study

CEESP (1987)
La Economía Subterránea en México, México: Edit. Diana

Clairmont, D. Apostle, R. and Kreckel, R., (1983)
"The Segmentation Perspective as a Middle-Range Conceptualization in Sociology", Canadian Journal of Sociology, V 8 No 3

Clairmont, D. Apostle, R., and Kreckel, R., (1985a)
"Segmentation and Labour Force Strategies", Canadian Journal of Sociology, V 10 No 3

Clairmont, D. Apostle, R., and Kreckel, R., (1985b)
"Segmentation and Wage Determination", Canadian Review of Sociology and Anthropology, V 22 No 1

Collins, R., (1971)
"Functional and Conflict Theories of Educational Stratification", American Sociological Review, 36, December, pp 1002-1019

Connolly, P. (1985)
"The Politics of the Informal Sector: A Critique", in Redclift, N., and Mingione, E. (eds), Beyond Employment: Household, Gender and Subsistence, Oxford: Basil Blackwell pp 55-91Connolly, P. (1985)

Coombs, P. H. (1968)
The World Educational Crisis, New York: Oxford University Press,
Coombs, P.H. (1976)
"Non-Formal Education: Myth, Realities and Opportunities" Comparative Education Review, 3, pp 290-93

Coombs, P.H., and M. Ahmed (1974)
Attacking Rural Poverty: How Non-Formal Education can Help, Baltimore: John Hopkins University Press

Darroch, V. and Silver, R. (Eds) (1982)
Interpretive Human Studies, New York: University Press of America

De Brunhoff, F. (1978)
La Politica Monetaria: Un Ensayo de Interpretación Marxista, México: Siglo XXI

De Miras, C. (1984)
"De la Formation du Capital Privé a l'économie populaire spontanée", Politique Africaine

De Miras, C. (1985)
De la Reproduction du Secteur Informel, ORSTOM: Fort de France

Denison, E. (1964)
"Measuring the contribution of Education (and the residual) to Economic Growth" in Readings of Economic of Education, Paris: UNESCO

Denison, E.F. (1967)
Why Growth Rates Differ? Washington: The Brookings Institution,

Denison, E and J. Poullier (1972)
"Education of the Labour Force" in B.R. Cosin Education, Structure and Society, London: The Open University Press

Departamento del Distrito Federal (1984)
Diagnóstico Demográfico del Distrito Federal, Dirección General de Política Poblacional, DDF: México

Dirección General del Servicio Público del Empleo (1975)
Bases para una política de Empleo hacia el Sector Informal o Marginal Urbano, México: Dirección General del Servicio Público del Empleo

Do Amaral Ferreira, M.J. (1989)
"Egresados de Escuelas Técnicas Industriales: Situación Actual de Estudio y Trabajo", Tendencias en Educación y Trabajo en América Latina.Resultados de un Seminario Regional, Informe 226s Mayo, IDRC pp 31-47

Dore, R. (1977)
The Diploma Disease: Education, Qualifications and Development Los Angeles: University of California Press

Edwards, Richard (1975)
"The Social Relations of Production in the Firm and Labour Market Structure" in Edwards, Reich and Gordon (Edit) Labour Market Segmentation, Washington: Heath, Co. page 3 - 26

Edwards, Reich and D. Gordon (1973)
"A Theory of Labour Market Segmentation" American Economic Review Vol 63, May

Escobar, L. (1986)
Con el Sudor de tu Frente, Guadalajara: El Colegio de Jalisco

Eviota, E. U. (1983)
"The Accumulation of Misery: Some Patterns in the Third World", Philippine Sociological Review, No. 31, pp 7-16

Fals Borda, O. (1981)
"La Ciencia y el Pueblo" in Investigación Participativa y Praxis Rural: nuevos conceptos en educación y desarrollo comunal, Lima: Mosca Azul Editores, pp 19-47

Fee, T (1976)
"Domestic Labour: An Analysis of Housework and its Relations to the Production Process" Review of Radical Political Economy, 8, 2

Feige, E.L. (ed) (1989)
The Underground Economies. Tax Evasion and Information Distortion, New York: Cambridge University Press

Field, G. and Marulando, M. (1976)
"Intersectorial Wage Structure in Colombia" Economic Growth Center Yale University Discussion Paper No 251

Filp, J., and Corvalan, O. (1979)
"Algunos Antecedentes sobre la Capacitación Escolar para el Sector informal", Revista del CEE, Vol. 9, Num. 4

Freire, P (1972)
"Research Methods. Studies in Adult Education", Institute of Adult Education, University of Dar-es-Salaam

Gallart, M.A. (1989)
"El Rol de la Educación Técnica en la Argentina: Una Aproximación Cuanti-Qualitatativa", Tendencias en Educación y Trabajo en América Latina. Resultados de un Seminario Regional, Informe 226s Mayo, IDRC pp 71-98

Germani, G. (1973)
El Concepto de Marginalidad, Buenos Aires: Nueva Visión

Gerry, C. (1974)
Petty Production and the Urban Economy: A Case Study of Dakar, Working Paper Num. 8, Geneva: ILO World Employment Program

Gerry, C. (1978)
"Petty Production and the Urban Economy"; idem, "Petty Production and Capitalist Production in Dakar: The Crisis of the Self-employed", in Bromley, R., ed., The Urban Informal Sector: Critical Perspectives, Special Issue of World Development, Vol. 6

Gerry, C. (1979)
"Small Scale Manufacturing and Repairs in Dakar: A Survey of Market Relations within the Urban Economy", in Bromley, R., and Gerry, C., eds., Casual Work and Poverty in Third World Cities, Chichester: John Wiley and Sons

Gerry, C. (1987)
"Developing Economies and the Informal Sector in Historical Perspective" in *The Annals of the American Academy of Political and Social Science,* Vol. 493, September pp 100-119

Gerry, C., and Birkbeck, C. (1981)
"The Petty Commodity Producer in Third World Cities: Petit-Bourgeois or 'Disguised' Proletarian?" in Bechhofer, F., and Elliot, B., eds *The Petite Bourgeoisie: Comparative Studies of The Uneasy Stratum*, New York: MacMillan

Gibbon, P., and Neocosmos, M. (1985)
"Some Problems in the Political Economy of 'African Socialism', in Bernstein, H., and Campbell, B., ed., *Contradictions of Accumulation in Africa: Studies in Economy and State*, Newbury Park: Sage

Giroux, H. (1983)
Theory and Resistance in Education, South Hadley, Mass: Bergin and Garvey

Gordon, D.M. (1972)
Theories of Poverty and Unemployment: Orthodox, Radical and Dual Labour Market Theories, Lexington, Mass: D.C. Heath and Co.

Gordon, D., (Ed) (1977)
Problems in Political Economy. An Urban Perpective Lexington, Mass: D.C. Heath and Co.

Gordon, D., Reich, M. and Edwards, R. (1973)
"A Theory of Labour Market Segmentation" *American Economic Review* vol 63, May

Gordon, D., Reich, M. and Edwards, R. (1982)
Segmented Work, Divided Workers, Cambridge: Cambridge University Press

Guttman, L (1944)
"A basis for scaling qualitative data", *American Sociological Review*, 9, 139-150

Harbison, F. & Myers, C.A. (1964)
Education, Manpower and Economic Growth, New York: McGraw-Hill,

Hart, K. (1970)
"Small Scale Entrepreneurs in Ghana and Development Planning", *The Journal of Development Studies*, July

Hart, K. (1973)
"Informal Income Opportunities and Urban Employment in Ghana", The Journal of Modern African Studies, Num.(2) 1

Herriott, R.E., and Firestone, W.A. (1983)
"Multisite qualitative policy research: Optimizing description and generalizability", Educational Researcher, 12 (2) 14-19

Hugon, Ph. (Ed) (1980)
"Secteur Informel et petite production marchande", Tiers Monde, 82, Paris

Hugon, Ph., and Deble, I (1982)
Vivre et survivre dans les villes africaines, Paris: PUF

Humphries, Jane (1983)
"The emancipation of women in 1970s and 1980s: from the latent to the floating", Capital and Class Vol 20, Summer 1983 pp 6-28

Ibarrola, María de (1988)
"Hacia una Reconceptualización de las Relaciones entre el Mundo de la Educación y el Mundo del Trabajo en América Latina", Revista del CEE, Vol. 18 Num. 2

Illich, I. (1972)
Deschooling Society, London: Calder and Boyards

Illich, I. (1981)
Shadow Work, London: Maron Boyards

ILO (1972)
Employment, Incomes and Equality. A Strategy for Increasing Productive Employment in Kenya, Geneva: ILO

INEA (1984)
Proyecto de Necesidades de Educación, Capacitación y Adiestramiento de los Sectores Marginados Urbano y Rural, Documento de Trabajo No 3, México: Subdirección de Capacitación para el Trabajo-INEA

INEGI (1989)
Encuesta Piloto sobre el Sector Informal, Documento Inédito, México: Dirección de Estadísticas de Corto Plazo, INEGI

INEGI (1990)
Censo Nacional de Población 1990. Cifras preliminares, México: INEGI

International Labour Office, (1972)
Employment, Incomes and Equality. A Strategy for Increasing Productive Employment in Kenya, Geneva: I.L.O.

Jagannathan, V.N. (1987)
Informal Markets in Developing countries, New York: Oxford University Press

Jencks, C., and Alli, (1972)
Inequality: A Reassessment of the Effect of Family and Schooling in America, New York: Basic Books

Kaplan, A (1964)
The conduct of Inquiry, San Francisco: Chandler Publishing Co.

Klein, E. and V. Tokman (1988)
"Sector Informal: una forma de utilzar el trabajo como consecuencia de la manera de producir y no viceversa. A propósito del artículo de Portes y Benton" *Estudios Sociológicos* Vol. VI Num 16 pp 205-212, México: El Colegio de México

Kowarick, L., (1985)
Capitalismo e Marginalidade na America Latina, Rio de Janeiro: Paz e Terra

La Belle, Th. (ed) (1975)
Educational Alternatives in Latin America: Social Change and Social Stratification, Los Angeles: UCLA Latin American Centre,

La Belle, T. (1986)
Non-Formal Education in Latin America and the Caribbean, New York: Praeger

La Belle, Th. and R.E Vehrine, (1975)
"Non-Formal Education and Occupational Stratification: Implications for Latin America", *Harvard Educational Review* 45 (2), pp 160-90

Latapí, P., and Cadena, F. (1984)
"La Educación No-Formal en México. Un Análisis de sus Metodologías", *Revista de Educación de Adultos*, Vol 2, Num 4, oct-Dec. p 6-33

Lautier, B. (1986)
"Las formas del Informal. Problemas de Método e Hipótesis de Investigación a propósito del Sector Informal en Latinoamérica" *Cahier de Gerttd*, Serie Development, Universidad de Paris -7, secction D'Economie, Jan. 1986

Levin, H. M. (1980)
"Workplace democracy and Educational Planning", in Carnoy, M., H.M. Levin and K. King, *Education, Work and Employment* II, Paris: UNESCO-IIEP

Lind, A., and A. Johnston (1986)
Adult Literacy in the Third World. A Review of Objectives and Strategies, Education Division Documents No. 32, Stockholm: Swedish International Development Authority

López Castaño, H. (1981)
"¿Es el sector informal el regulador de los salarios?", *Revista de Extensión Cultural*, Universidad Nacional, 11, Medellin

Loveridge, R. and A.L. Mok, (1979)
Theories of Labour Market Segmentation, Brussels: Martinus Nijhoff Social Sciences Division

MacEwan, A.S. (1977)
"Notes on the Theoretical Status of Petty Commodity Production", Colchester: University of Essex, Department of Sociology, Unpublished paper

Marx, K. (1947)
Thesis on Feuerbach, in The German Ideology (R. Pascal, Ed.) New York: International.

Marx, K. (1964)
Capital, Vol. 1, ed. F. Engels, New York: International

Mazudmar, D. (1976)
"The urban informal sector" in *World Development*, No. 8

McGee, T.G. (1974)
The Persistence of the Proto Proletariat: Occupational Structures and Planning for the future of the Third World Cities, Los Angeles: School of Architecture and Urban Planning

Miles, M. and Huberman, M. (1984)
Qualitative Data Analysis, Beverly Hills, Ca: Sage Publications

Molyneux, M. (1979)
"Beyond the Domestic Labour Debate", *New Left Review*, 16

Montaño, J. (1985)
"Barreras Institucionales de Entrada al Sector Informal en la Ciudad de México", *Oficina Internacional del Trabajo*, Chile: PREALC

Morice, A. (1985)
"A propos de l'économie populaire spontanée: Pour une vision socio-politique de la Reproductio Urbaine", *Politique Africaine*, June, Num 18

Moser, C. (1978)
"Informal Sector or Petty Commodity Production: Dualism or Dependence in Urban Development?", World Development, Vol. 6, No. 9/10

Mattera, P. (1985)
Off the Books. The Rise of the Underground Economy, New York: St. Martin's Press

Moura y Castro, C., de (1978)
"El Mundo de la Escuela y el Mundo del Trabajo ¿Coexistencia Pacifica?" Revista del CEE, Vol. 8 Num. 2

Muñoz Izquierdo, C. (1973)
"Evaluación del Desarrollo Educativo en Mexico (1958-1970) y Factores que lo han Determinado" Revista del CEE, Vol. 3 Num. 3.

Muñoz Izquierdo, C. (1982)
"Efectos Económicos de la Educación de Adultos" in Torres, C., ed., Ensayos sobre la Educación de Adultos en América Latina, Mèxico: CEE

Muñoz Izquierdo, C. (1984)
Análisis de Proyectos Dedicados a Promover el Autoempleo entre los Sectores Marginados, México: INEA, Subdirección de Capacitación para el Trabajo, Documento de Trabajo Num 6, Marzo

Muñoz Izquierdo, C., and Lobo, J. (1974)
"Expansión escolar, Mercado de Trabajo y Distribución del Ingreso en Mèxico: Un Análisis Longitudinal", Revista del Centro de Estudios Educativos vol IV, No 1,

Muñoz, Izquierdo, C. y A. Hernández y P.G. Rodríquez (1978)
"Educación y Mercado de Trabajo: Un Análisis Longitudinal de lo determinantes de la Educación, la Ocupación y el Salario" Revista del Centro de Estudios Educativos Vol. VIII, No 2,

Nun, J. (1969)
"Superpoblación Relativa, Ejército Industrial de Reserva y Masa Marginal", Revista Latinoamericana de Sociología 5 (2)

Neck, Ph., and R. Nelson (eds) (1987)
Small enterprise development: Policies and Programmes, second edition, Geneva: ILO

Pannu, R.S. (1973)
Collegial Bureaucracy: A Study of Power and Conflict in Academic Self-Governance in a New canadian University, Doctoral Dissertation, Department of Sociology, University of Alberta

Paulston, R. (1972)
Non-Formal Education: An Annotated International Bibliography, New York: Praeger

Pinto, A. (1965)
"Concentración en el Progreso Técnico y de sus Frutos en el Desarrollo Latinoamericano", El Trimestre Económico, 32 (125)

Piore, M., (1968)
"Public and Private Responsibilities in On-the-Job Training of Disadvantaged Workers", M.I.T. Economics Department Working Paper No. 3, June

Piore, M., (1969)
"On-the-Job Training in the Dual Labour Market", in Arnold Weber et al., Public-Private Manpower Policies, Madison, Wis.: IRRA,

Piore, M. (1971)
"The Dual Labour Market: Theory and Implications", in D.M. Gordon, ed., Problems in Political Economy: An Urban Perspective, Lexington, Mass.: DC Heath,

Piore, M. (1975)
"Notes for a Theory of Labour Market Stratification" in R. C. Edwards et al., eds., Labour Market Segmentation D.C. Heath Co,

Pizarro, C. (1975)
"Elementos para el Estudio Sociológico de la Pobreza", Documento CEPLAN, Num. 43

Pizarro, C., et al. (1976)
"Condiciones Culturales y Sociales de las Políticas de Erradicación de la Pobreza", Estudios CIEPLAN, Num. 4, Nov

Portes, A. (1978)
"The Informal Sector and the World Economy: Notes on the Structure of Subsidised Labour", Bulletin of the Institute of Development Studies, Vol. 9

Portes, A. and D. Walton, (1981)
Labour Class and International System, New York: New York Academic Press,

Portes, A. and L. Benton (1987)
"Desarrollo Industrial y Absorción Laboral: Una Reinterpretación" Estudios Sociológicos Vol 5 Num 13 pp 111-137 México: El Colegio de México

PREALC (1974)
El Problema del Empleo en América Latina: situación, perspectivas y políticas, Santiago: PREALC

PREALC (1978)
Sector Informal: Funcionamiento y Políticas, Santiago: OIT

PREALC (1985)
Empleo e Ingresos, Santiago: PREALC-OITPREALC

Prebish, R. (1963)
Hacia una Dinámica del Desarrollo Latinoamericano, México: Fondo de Cultura Económica

Proudhon, P.J. (1845)
Le System des contradictions economiques, ou philosophie de la misere, Paris

Psacharopoulos, G. (1987)
Economics of Education: Research and Studies, New York: Oxford Pergamon Press

Psacharopoulos, G. (1989)
"Comparative Education: From Theory to Practice" Paper presented at the *Seventh World Congress of Comparative Education*, University of Montreal, June 26-30

Psacharopoulos, G and D. Metcalf (1973)
Education, Employment and Earnings Paris: OECD (mimeo)

Quijano, A. (1971)
Notas sobre el Concepto de la Marginalidad Social Santiago: CEPAL, Universidad Catolica (mimeo)

Quijano, A. (1974)
"The Marginal Pole of the Economy and the Marginalised Labour Force", *Economy and Society* 3 (4)

Raczynski, D. (1977)
"El Sector Informal Urbano: Controversias e Interrogantes", *Investigaciones sobre Empleo* Num 3, PREALC, Santiago

Roldán, M. (1985)
"Industrial Outworking, Struggles for the Reproduction of Working-class Families and Gender Subordination", in Redclift, N., Mingione, E., eds., *Beyond Employment: Household, Gender and Subsistence*, Oxford: Basil Blackwell pp 250-285

Ross, D.P. and Usher, P.J. (1986)
From the Roots Up. Economic Development as if Community Mattered, New York: The Bootstrap Press

Sáenz, A. (1988)
Evaluación Diagnóstica de la Experiencia de la FAC en la Promoción de Empleo en la Ciudad de México, PEEC, Mimeo

Santos, M. (1976)
Le Circuit Inferieur. Le Soldisant Secteur Informal, Paris: Le Temps Modernes

Schiefelbein, E. (1978)
"Educación y Empleo en Diez Ciudades de América Latina" Revista del CEE, Vol. 8 Num. 3

Schmelkes, S. (1983)
"Educación de Adultos y Productividad Rural", Revista del CEE, Vol. 1, Num. 1

Schmelkes, S. (1984)
"Un Enfoque de la Investigacion Empirica sobre la Relación entre la Educación, Productividad e Ingreso en el Caso de México", Revista del CEE, Vol. 14 Num. 1-2

Schultz, T. (1961)
Investment in Human Capital", American Economic Review, Num. 51, March, pp 1-17

Schultz, T. (1967)
The Economic Value of Education, New York: Columbia University Press

Schultz, T. (1968)
"Education and Economic Growth" in Readings in Economics of Education, Paris: UNESCO

Schultz, T. (1971)
Investment in Human Capital: The Role of Education and of Research, New York: Free Press

Schumacher, E.F. (1974)
Small is Beautiful: A Study of Economies As if People Mattered, London: Sphere Booksll

Schutter, Anton de (1981)
Investigación Participativa: Una Opción Metodológica para la Educación de Adultos, Pátzcuaro, México: CREFAL

SEP (1989)
"Indices de eficiencia terminal, deserción y reprobación nacional y por entidad federativa, para cada nivel educativo", Informe Anual, Mexico: Dirección General de Planeación, Programación y Presupuesto

Singer, P. (1975)
Elementos para una Teoría del Empleo Aplicable a Paises Subdesarrollados La Plata, Argentina: CLACSO (mimeo)

Singer, P. (1976)
"Elementos para una Teoría del Empleo aplicable a países subdesarrollados", en Seminario de CLACSO *El Empleo en América Latina*, Siglo XXI Editores

Singh, M. (1990)
The Political Economy of Unorganized Industry, New Delhi: Sage Publications

Sismondi, de S. (1819)
Nouveaux Principes d'economie politique ou de la richesse dans ses rapports avec la population, Paris

Smith, A.G., and Louis, K.S. (Ed) (1982)
"Multimethod policy research: Issues and applications", *American Behavioral Scientists*, 26 (1)

Solari, A., et al. (1976)
Teoría, Acción Social y Desarrollo en América Latina, México: *Siglo XXI*, pp 351-379

Soto, H., De (1987)
El Otro Sendero, Mexico: Diana

Souza, P. R. and V. Tokman (1975)
El Sector Informal Urbano, La Plata Argentina: CLACSO (mimeo)

Souza, P. R. and V. Tokman (1976)
"The Informal Urban Sector in Latin America", *International Labour Review*, 114 (3) Nov-Dec

Souza, P. R. and V. Tokman (1976)
"El Sector Informal Urbano en América Latina", *Revista Internacional del Trabajo*, Vol 94, No 32

Souza, P. R. and V. Tokman (1978)
"Distribución del Ingreso, Probreza y Empleo en Areas Urbanas" *El Trimestre Económico*, Vol XLV. (3) No 179,

SPP, STyPS, PNUD/OIT (1976)
La Ocupación Informal en Areas Urbanas, México: Dirección de Empleo

STyPS (1985)
Características de la Ocupación Informal Urbana, México: Dirección General de Empleo

Sunkel, O. (1973)
"Transnational Capitalism and National Desintegration in Latin America", Social and Economic Studies, 22 (1)

Tedesco, J.C. (1979)
"Educación y Empleo: El Caso del Sector Industrial Argentino", Revista del CEE, Vol. 9 Num. 1

Tokman, V.E. (1976)
"Dinámica del Mercado de Trabajo Urbano: El Sector Informal Urbano en América Latina", Seminario Internacional sobre el Empleo en el Sector Informal Urbano en América Latina, Grupo de Trabajo sobre Ocupación-Desocupación de CLACSO, Caracas, Venezuela, Mayo

Tokman, V., (1978) "An Exploration into the Nature of the Informal-Formal Sector Relationship", World Development, 2, (2-10),

Tokman, V., (1987a)
"El Sector Informal: Quince Años Después", El Trimestre Económico Num. 215, (Julio-Septiembre)
Tokman, V. (1987b)
"El Imperativo de Actuar. El Sector Informal Hoy", Nueva Sociedad No. 90, (Julio-Agosto)

Tokman, V. and E. Klein, (1979)
El Subempleo en America Latina, Buenos Aires: El Cid

Thurow, L. (1970)
Investment in Human Capital, New York: Wadworth Publishing, Co.

Thurow, L. (1975)
Generating Inequality, New York: Basic Books

Therborn, G., (1986)
Why Some Peoples Are More Unemployed than Others: The Strange Paradox of Growth and Unemployment, Verso NLB, London,

Van Manem, Max (1990)
Researching Lived Experience, London, Ontario: The Althouse Press

Villavicencio, L. (1976)
"Sector Informal y Población Marginal", Seminario Internacional sobre al Empleo en Sector Informal Urbano en América Latina, Grupo de Trabajo sobre Ocupación-Desocupación de CLACSO, Caracas, Venezuela, Mayo

Weeks, J. (1975)
"Políticas de expansión del empleo en el sector urbano no-formal de economías en desarrollo" Revista Internacional de Trabajo, Santiago: OIT

Wilkinson, F. (Ed.) (1981)
The Dynamics of Labour Market Segmentation, London: Academic Press

Yopo, Boris (1981)
Metodología de la Investigación Participativa, Pátzcuaro, México: CREFAL

APPENDIX 1

GLOSSARY OF TERMS

GLOSSARY OF TERMS

Capital accumulation. The process in which part of the company's income or person's income is invested in capital goods (tools, means and instruments of production, machinery which are used to produce other goods). This process implies, on the one hand, a concentration of capital and, on the other, the growth of this capital by means of reinvestment of its profits and gains. For Marx, capital accumulation is a fundamental process of capitalism which consists of investing a part of the capitalist's surplus-value instead of applying it to consumption. In this way, capital accumulation =investment + investment + investment...

Dual Labour Market: For the Labour Market Segmentation Theory the market is divided into two main segments: the primary and the secondary sectors. Some characteristics of primary jobs are: "high wages, good working conditions, chances of advancement, equity and due process in the administration of work rules, and, above all, employment stability" (Piore, 1975: 126). The secondary market offers low-paying jobs, poor working conditions, almost no chance for advancement and greater instability. Later, a division within the primary sector was introduced to distinguish an **upper** and a **lower** tier (Piore, 1975) or an **independent** and **subordinate** primary.

Economic Success: In terms of this study, economic success of informal sector units is understood as being the capacity of informal sector units to sustain themselves in the market with the goods or services that they produce and their ability to better, even though this may be slight, their capacity to produce income benefits that could be channelled to these units, basically businesses or family income. In the context of this research, in order to make such a definition operative, a variable is required that measures the longevity of the unit within a specific branch and an income indicator (sales, return on capital investments, etc.) as a criteria for defining this term.

Employment: No real attempt has been made to define employment in general; rather its definition has evolved as a consequence of greater interest that has centred around the definitions of unemployment, underemployment, Economically Active Population (EAP), etc. The population considered to be of legal age to work, in terms of Mexico, are those people 12 years and older capable of sustaining employment. In this definition it is clearly evident that the main consideration is to define the minimum age. Therefore, the economically active population is defined as those members of this redefined group who are looking for or holding down a job (**employment**) whereas the economically inactive population relates to those members of this group who neither have a job nor are looking for one. This group is basically composed of students and housewives and also includes investors, pensioners, etc.

The EAP, which constitutes the workforce, is divided into employed and underemployed. According to this division, the employed population has a job and the unemployed consists of those who do not have a job and are in search of one. In this regard the Economically Inactive Population (EIP), is not considered part of the unemployed.

Criticism of this traditional definition of employment has occurred, especially in the Third World countries. The main criticisms focus upon the inapplicable nature of this schema within the Third World. It has been pointed out, in terms of the urban sector, that no consideration has been given to three significant elements. First, the underemployed in the poor urban sector. Second, the fact that as there is no such thing as unemployment insurance or social assistance (welfare assistance), i.e., the unemployed employ themselves, which is not necessarily reflected in the unemployment statistics. Finally, the fact that a wide range of activities exist beyond the limits of national accountancy which, needless to say, do make a contribution to the Gross National Product (GNP).

Based on this premise, some modifications have been made to these traditional concepts in order to include unregistered activities in the national statistics. Most important, in terms of employment, the definitions of such categories as underemployment and hidden unemployment have been included.

Looking closely at the usage of the word employment one finds that, in a restricted sense, it refers to salaried work, where the owner of a business "employs" a labour force. This view can, however, be extended to other types of activities that are different from salaried work in terms of subordination, but that is similar to this concept in that it constitutes an activity that enables people to obtain a direct means of subsistence, i.e. self-employment.

In summary, the term "employment" designates any activity that enables people to obtain an income or a direct means of subsistence (such as the few cases of services rendered in exchange for food, clothing and lodging) using their own labour force (as distinct from such categories as owners, investors, etc.). Therefore, a number of other employment categories, which would normally not fall into this definition, can be encompassed in this term, including such categories as freelance personnel and even unsalaried family members.

Formal Sector: It comprises the modern and advanced industrialized forms of the economy, characterized by the use of high technology, large amounts of capital, sophisticated institutionalization or organization for production, qualified personnel, organized national and international markets, etc. In Mexico it is used to refer to the large industrial and commercial firms which control the market.

Open Unemployment: is defined in a traditional manner as that part of the population looking for work, but not presently in an employed position. This is a concept that is not applicable to countries where no unemployment or social assistance exist and people are forced to "employ themselves", in the broadest sense of this concept, in any fashion. People in these activities commonly appear as employed personnel in official/government statistics.

Hidden Unemployment: according to the definitions provided by labour statisticians, this part of the population is composed of people who are not actively searching for work, but would accept a job if they were offered one. This area was included by labour statisticians because of deficiencies that exist in the employment information mechanisms that are found in Third World nations, owing to barriers generated by the inability to fully employ the workforce. In statistical information this sector would be registered as part of the economically inactive population rather than pertaining to the economically active population. Once again, this concept is not applicable in Third World countries, for example, in the Mexican Urban Employment Survey (taken every three months) it represents an extremely small portion of the possible workforce demanding work. A more preferable approach would be to use this term to describe that portion of the population that does not find work in the formal sector, that is to say, as employees of large, medium and small businesses, but rather finds some kind of job in the informal sector, e.g., self-employment.

Length of Unemployment: This refers to the span of time from the moment a person is considered as being unemployed in terms of a day, a week, a month, etc. The best effort to date is that of considering a person to be unemployed the week prior to the taking of a survey or census. However, there is no clear agreement on this point. Unemployment is not considered for periods such as holiday times, strikes and stoppages, leaves of absence, sick leave, maternity leave, etc.

Underemployment: The definition given by labour statisticians follow three different points of view: 1) according to *income*: viewed as those who are paid less than the standard wage for their qualifications or that which is normally determined by the labour market; 2) in accordance with the *qualifications* of the work being carried out: those who carry out a job where their qualifications are not utilized to their fullest extent; 3) according to *the length of time worked*: those who work a shift that is inferior to the normal shift. These definitions are much more useful than the traditional ones which are given to hidden employment. Therefore, when one speaks of underemployment, explicit reference must be made to the aspect that is being dealt with.[1]

---

[1] The two first types of unemployment are named invisible unemployment and the last one visible unemployment. OIT, *Medición del subempleo. Conceptos y métodos*, XI Conferencia

Radical Segmented Labour Theory: The main differences between this approach and the dualist perspective are in their analytic methodologies. Radical segmentation theory focuses on "dialectical analysis" (Gordon, 1972). They emphasize the interactions between individual choice and institutional change and concentrate on contradictions in social processes that will tend to produce change. Dualists do not provide an analysis of conflict.

Urban Informal Sector: It consists of a wide variety of urban occupations in developing countries that can be characterized as having three-tier employment systems: A) marginal service activities B) self-employed and C) larger units (with no more than five workers) requiring a low level of technology and management. The first are highly competitive service activities from the tertiary sector, ranging from street vendors to garbage collection and from street entertainers to shoeshine boys, where sellers deal directly with buyers of services. People from the second group do not have markets for hired labour, they are self-employed individuals and occasionally have the family support. The last group (C) are slightly more complex organizations, including small manufacturers, inexpensive food shops, repair places, etc., where it is possible to hire labour (Jagannathan, 1987; STyPS, 1985). This is the basic and essential working

---

Internacional de Estadísticos del Trabajo, Ginebra, OIT, 1966, pp 17-19

definition. Elements from other definitions which concentrate in the immediate and local characteristics of the Urban Informal Sector are the following
(ILO, 1972; ENEU, 1976; PREALC, 1978; INEGI, 1989):

a) most of them are concealed from the state accounting system and are largely unregistered
b) they operate on a small scale basis
c) their technical demand are minimal because their technology is simple
d) they are labour intensive, requiring little capital
e) the labour force does not require high training levels and they acquire their specific abilities outside the schooling
f) they lack social and health care benefits
g) they do not have formal labour contracts
h) they are not affiliated to labour unions
i) they are locally based, with face-to-face trading relationships
j) consequently, these units are characterized by low levels of productivity and
k) they generate an income that usually does not meet the basic needs of the population that works in or, owns them.

APPENDIX 2

QUESTIONNAIRE

INFORMAL SECTOR QUESTIONNAIRE

1. Questionnaire number______ ____ 1

Interviewer:________________________________

Neighbourhood:______________________________

Interviewee's name:_________________________

Address:____

____

(Place data obtained)

2. Type of business:

1. Self-employed ____ 2

2. Multiple personnel

3. Business category:

1. Food business
2. Clothing business
3. Cosmetic and accessory business
4. Toy business
5. Home accessories business
6. Hardware and parts business
7. Repair services
8. Transport services
9. Food production
10. Clothing production
11. Furniture production
12. Toy production
13. Home accessories production
14. Other

____ 3

4. Business characteristics:

1. Street vendor 2. Permanent location
4. Cargo transport 4. Passenger transport

____ 4

5. Base of the business
1. Specific location 2. Home

____ 5

Personal Information

6. Age_____ _____6

7. Gender: 1. Male 2. Female _____7

8. Place of birth:

1. Federal District (Go to question 11) 2. In another state _____8

9. If not originally from the F.D., number of years living here_____ _____9

10. Type of original birthplace:
1. State capital 2. City 3. Town _____10

11. Schooling:
1. No schooling
2. Elementary incomplete
3. Elementary complete
4. Junior
5. Technical
6. High school
7. University incomplete
8. University complete

_____ 11

12. Why did you start the business?
1. Looking for supplementary income
2. Was released from previous job
3. Wanted not to have a boss
4. Previous salary was insufficient to meet needs
5. It was proposed as a business opportunity
6. Other

_____12

13. For how long have you owned the business? Complete number of years_____ _____13

14. Did you have any experience in this business?
1. No, not at all
2. Not directly, but through others
3. Yes, because I worked as apprentice in this type of business
4. Yes, I was a partner in a business like this
5. Yes, previously I had a business like this
6. Yes, I was involved in an activity related to this

kind of business
7. Yes, I took a training course with regard to the business
8. Other
9. No answer or did not know

______14

15. Who gave you advice with regard to starting this business?
1. Family member
2. Friend
3. Government institution
4. Non-Governmental institution
5. No one
6. It was already in place (property transfer)
7. An institute or school where I studied
8. Other
9. No answer

______15

16. How has changed your economic situation since you have this business?
1. It is better compared to the former job
2. It is worse compared to the former job
3. It is just about the same
4. Other

______16

17. What percentage of your profits can you save?
1. Nothing
2. Less than five percent
3. Between five and ten percent
4. More than ten percent

______17

18. Do you have another job besides your own business?
1. No
2. Yes, a permanent job
3. Yes, a part time job
4. Yes, an independent activity
5. No answer

______18

19. What would you say would have been the cost of your business, when you started it, using today's prices? $ ________________ ______19

20. How much do you think it would cost, at today's prices, to start your business? $ ___________ ______20

21. How much do you think you would receive for your business if you sell it now? $________________ ______21

22. Did you receive support from the government, the church or any other institution?

1. Yes 2. No ______22

23. What type of support?

1. Credit
2. Monetary donation or something similar
3. Technical consultancy
4. Legal consultancy
5. Market relation
6. Qualifications and training
7. Other
8. No answer

______23
______24

24. Is your business registered?

1. Yes 2. No ______25

Question for self-employed (single personnel)

25. Do you need people to help you in your business?

1. Yes, but have not found qualified people for the job or the business
2. Yes, but there is not sufficient money to hire people
3. Yes, but don't trust anyone
4. Yes, have someone to help eventually
5. No, my wife or children help me sometimes
6. No, don't need anyone
7. Other
8. No answer

______26

Questions for multiple personnel

26. How many workers do you have?
_________ workers ______27

27. Have you found trained people to help in your business?

1. Yes 2. No 3. Don't know/No answer ______28

28. What do you do in order to ensure that your workers learned their position?
   1. Nothing in particular
   2. It is explained at the beginning
   3. It is explained by a fellow worker
   4. They already know what they are suppose to do
   5. Qualified personnel are hired
   6. They are sent to a training course
   7. They are sent to another place as apprentices for a while
   8. Other
   9. No answer ______29

29. When you hire a recent graduate from a school or an institute, does s/he need training?

   1. None   2. Some   3. A lot   4. No answer ______30

30. On the average, how long does a worker remain working for you?
   1. Less than a year
   2. One year
   3. A year and half
   4. Two years
   5. More than two years
   6. No answer
______31

31. Generally, for what reason does a worker leave?
   1. Looks for a higher salary
   2. Returns to his her home
   3. Is inconsistent
   4. Starts his/her own business
   5. Does not know the job well enough
   6. Other
   7. No answer ______32

32. How much of your business you spend in salaries, every month? $ ____________ ______33

Labour conditions

33. Do the workers have a work contract?

   1. Yes   2. No   3. Some do ______34

34. What kind of contract is it?

1. A written agreement 2. A verbal agreement
3. No answer ______35

35. Do your workers have medical benefits?

1. Yes 2. No 3. A few 4. No answer ______36

36. How many hours do your workers work a day?____ ______37

Questions for both self-employed and multiple personnel

Financial operation

37. Who lent you the money to establish your business?
1. The bank
2. Personal money lender
3. A governmental institutions which is not a bank
4. A private institution which is not a bank
5. A loan from a relative or friend
6. My own funds (Go to question 48)
7. Other
8. No answer

______38

38. How much did they lend you? $ ____________ ______39

39. Do you have credit?
1. Yes 2. No ______40

40. What do you think about the market prices and credit conditions?
1. They are good
2. They are fine
3. They are poor ______41

41. Do the raw goods, materials or products that the business uses generally are:
1. Made in the country 2. Made in a foreign country
3. Mixed 4. No answer ______42

42. Does a particular commitment exists between yourself and a certain supplier?
    1. No
    2. Yes, it supplies part of the production
    3. Yes, certain quantities are purchased
    4. Yes, preference is given to the supplier in terms of promotions
    5. Yes, other
    6. No answer

______43

Sales

43. How have sales gone in the last few months?
    1. They have remained stable
    2. They have risen a bit
    3. They have risen a lot
    4. They have decreased a bit
    5. They have decreased a lot
    6. They have varied a lot
    7. No answer

______44

44. How is the competition in your field?
    1. There is none
    2. There is little
    3. It's regular
    4. There is a lot
    5. It varies
    6. No answer

______45

45. Distribution of sales of products or services (indicate the three most important ones)
    1. To supermarkets or self-service counters
    2. Directly to factories or workshops
    3. To small or medium-size stores
    4. To intermediaries who wholesale out
    5. To government business
    6. Directly to the public
    7. Others
    8. No answer

______46
______47
______48

46. Is the sale of any product or service committed to any one particular client?
    1. Yes   2. No

______49

47. How is the market in relation to the price of the product and services of this business?
1. The prices are average
2. The prices are above average
3. The prices are bellow average

______50

48. Indicate what are the three principle problems for proper functioning of your business:
1. High levels of loss
2. Poor use of installations and equipment
3. Low work rate
4. Quality problems
5. Problems related to personnel
6. Problems related to lack of capital
7. Lack of space for production or storage
8. Lack of marketability
9. The client for whom the product is most convenient demands far too many requirements
10. Legal problems (do not have permits, cannot bill, etc.)
11. Operation costs (rent, light, water, personnel, etc.)
12. There is too much competition
13. Obsolete equipment
14. No answer

______51
______52
______53

Future development strategies

49. What do you have planned for your business in the future? (Indicate the three principle options)
1. Leave it for a more permanent job
2. Leave another family member in charge of it
3. Leave it for another distinct business
4. Introduce new products or services
5. Look for new markets for the present products or services
6. Augment sales in the present market
7. Associate oneself with other businesses so bulk purchases of necessary goods and supplies can be made together
8. Associate oneself with other businesses so as to share transport costs
9. Take better advantage of the capacity that is counted on
10. Reduce the operation costs by other means
11. Buy modernized equipment
12. Apply for new credit

13. Learn new techniques to raise quality of products and services
14. Learn better administrative techniques
15. Nothing in particular
16. No answer

______54
______55
______56

Education and training

50. Do you know how to read and write?

1. Yes 2. No ______57

______58

51. Since you have the business have you had the opportunity to study something that you have wanted to but could not do it before?

1. Yes 2. No 3. There was nothing ______59

52. Have you received special training for this business?

1. Yes 2. No (Go to question 54) ______60

53. Did this training help you establish your business?

1. Yes 2. No ______61

54. Do you think to learn new techniques in the future to improve quality production?

1. Yes 2. No

______62

55. Why did you leave school?
1. Needed to work
2. Was not good at school
3. It was to expensive to go to school
4. They didn't teach me what I needed to know
5. Had no time to study
6. Did not want
7. Was enough
8. No answer

______63

56. Has it been useful to know how to read and write in your business?

1. Yes 2. No 3. Don't know ______64

57. In your business, has it been useful to know
accounting procedures (adding, subtracting, etc.)?
1. Yes 2. No 3. Don't know _____65

58. Have you studied or learning a particular trade?

1. Yes 2. No (Go to question 62) _____66

59. Where did you learn this trade?
1. In school (High school or Vocational school)
2. In a workshop specializing as an apprentice
3. In a technical institute or school
4. In my previous job (there was a training course)
5. With a relative or friend
6. By correspondence
7. I taught myself, because I had natural talent
in the job
8. Other
9. No answer
_____67

60. Is the job you have now the trade you have studied?

1. Yes 2. No _____68

61. How many trades do you know? __________ _____69

62. What do you recommend should be taught in school
in order run a business like yours?
____ ____70

63. Do you think that by more study would make you more
successful in your business?
1. Yes 2. No 3. Don't know _____71

APPENDIX 3

INTERVIEW GUIDE

GUIDING QUESTIONS

1. In what year were you born? Where? When did you come here? Why?

2. Are you married? Do you have children?

3. How much schooling have you had? Why?

4. When did you start this job? Why?

5. Why did you decide to start this particular business?

6. What kind of business is this?

7. Is your salary above or below minimum wage?

8. Do you think your business serves a purpose in the community? Why?

9. What are the problems you are experiencing with your business? Why do you think this is so?

10. Do you follow an accounting process?

11. Are you experiencing profit gains?

12. What do you think your business will be like in the future?

13. Where did you study?

14. How many years were you in the school?

15. Why did you leave it?

16. Did you learn a trade in the school? Where did you learn it?

17. How did you learn it?

18. Did you decide to learn that trade? Who decided?

20. Who taught you the trade? Was h/she a teacher? A master?

21. Do you think that by more study in the school would make you more successful in your business? Why?

22. What would you recommend should be taught in school in order to run a business like yours? Why?